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ARGENTINA

COMMERCE SECRETARY DISCUSSES RESULTS OF HIS TRIP ABROAD

Buenos Aires LA NACION in Spanish 3 Jul 79 p 6

[Text] The secretary of commerce and international economic negotiations, Alejandro Estrada, reported yesterday at a press conference on the results of his recent trip to Asian countries, Venezuela and Japan. He stressed the possibilities of boosting exports to those countries, voicing the view that with respect to the Asian countries, they were at "minimum levels or almost nonexistent."

In referring to his activities in the Philippines, which coincided with his participation in the Fifth UNCTAD, he pointed out that that country imports \$4 billion worth of goods a year and that Argentina's sales share in that market is only \$1 million. He stressed the potential in the foodstuffs sector (grains, meat and equipment for the food industry) and in the iron and steel and aluminum sector. He said that he had identified the meat sanitation problem and the lack of regularity in shipping lines as limiting factors.

He also pointed out that economic advisers in the area had held a meeting in Manila at which they agreed to undertake "specific missions" to promote exports. He underscored that the most promising areas are for foodstuffs, capital goods for the food industry, iron and steel products, aluminum, some petrochemicals and textiles, including leather.

Hong Kong, Thailand and Korea

In Hong Kong, Estrada observed a situation similar to the one in the Philippines, a small Argentine share in the country's purchases, and he arranged for a mission of exporters, importers and businessmen to travel to Buenos Aires because "they are interested in organizing a certain type of industry in Argentina."

Arrangements were also made with Thailand and South Korea for visits by trade missions, with the panorama the same as in the other Asian countries visited by the secretary.

## Indonesia and Venezuela

In Indonesia, which imports \$6.2 billion worth of goods and where Argentine sales are below \$3 million, Estrada noted that there were no Argentine food products on the market, "even though I observed articles from all countries." The secretary pointed out the interest that Pertamina (Indonesia's state-owned oil company) showed in having Argentine enterprises participate as suppliers and even as development contractors. There is also the possibility, he said, that the country will buy ships from Argentina. "We must keep in mind," he noted, "that Indonesia is an island nation."

In Venezuela the secretary of commerce and international economic negotiations talked about Argentina's proposal for the future of LAFTA and emphasized that they had agreed that during the next 90 days the Argentine-Venezuelan Joint Commission would meet to take a look at, basically, double taxation, the possibility of setting up joint enterprises and transportation and communications. Another commission will analyze oil matters.

## Cuba

In conclusion, Estrada referred to his activities in Cuba, where, he said, mainly "private negotiations already under way were analyzed."

He reported specifically that there was the possibility of an agreement for the construction of \$80 million worth of ships, of two turnkey plants for the processing of citrus fruit products (\$50 million) and the provision of 1,000 trucks worth about \$35 million, containers and railway equipment. They also took a look at supplies of spare parts for the 30,000 or 35,000 Argentine vehicles circulating in Cuba.

He announced that missions representing metals, chemicals and petrochemicals and grains purchasing entities would be traveling here to help create regular trade between the two countries.

He stated that the Cubans were pleased with the tariff cutbacks and he felt that it was very likely that we would be buying cement, some fish and parts for the metal machinery industry from that country.

He also commented on Cuba's interest in boosting its tourism industry. "They are remodeling hotels and residences," he said. "Argentina can participate, according to what they told us," he added, "in providing turnkey hotels" for Cuba's tourism push.

8743

CSO: 3010

ALEMANN RUMORED TO BE LEAVING POST

Buenos Aires CONVICCION in Spanish 18 Jul 79 p 1

[Text] Circles close to the Finance Secretariat were making persistent mention yesterday of possible changes in the economic team headed by Dr Jose Alfredo Martinez de Hoz.

The major change would involve the secretary of finance, Dr Juan Alemann, who would reportedly be replaced by Enrique Polcini, a current director of the Central Bank.

The other changes would involve the appointment of Francisco Soldati, who is also a Central Bank director, as financial representative in Europe, and the surprising relocation of Cristian Zimmermann as ambassador to the United States, according to the rumors.

If the changes come about as rumored, they would obviously mean that the Central Bank, and hence its president, Adolfo Diz, this country's representatives of the Chicago School, have made gains on the pragmatism of the economy minister.

In the specific case of Juan Alemann, the "Chicago boys" accuse him of being soft, although this might seem incredible. They say that he should stop printing money once and for all to finance the budget and public works, by holding down government expenditures tightly.

They are putting forth Enrique Polcini, who is widely known for his "hard line" in the matter, to replace him. As we will recall, Polcini served as finance secretary in the cabinet of Adalberto Krieger Vasena during General Onganía's presidency.

In any case, it is unlikely that Alemann will leave his post before the budget reformulation is concluded; inflation, as always, has exceeded predictions.

A more likely possibility in the short run would be for Polcini to head for Europe to fill the vacancy left by Jose Maria Dagnino Pastore.

On the other hand, it is difficult to accept Zimmermann's appointment to the U.S. post. In the first place, his function can be performed perfectly well from Buenos Aires by Martinez de Hoz himself (after all, he is the one who handles contacts with the world of business and finance), and secondly, given the status of relations, a more politically oriented figure would be preferable in order to smooth out the rough spots, which are not exactly economic.

The Central Bank's gains on the economic leadership will probably not be mirrored in all of the proposed changes. It is almost certain that Martinez de Hoz and his "pragmatism" will accept some and reject others. It remains to be seen which ones are accepted.

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CSO: 3010

## ECONOMIC TEAM STUDIES REFORMS OF FOREIGN INVESTMENT LAW

Buenos Aires LA NATION in Spanish 27 Jul 79 p 1

[Text] The governmental economic team has been analyzing a bill to amend the foreign investment law and its regulatory decree. It is designed to rectify a number of practical drawbacks that have been noticed during the operation of the current system.

The main aim of the changes being prepared seems to be the streamlining of procedures required for the foreign investment registry and the adoption of a system that will not hamper foreign investment in the stock exchange.

In this regard, the stock market has been pointing out for some time now that although current legislation does not prevent foreign investors from participating in local enterprises by acquiring shares in the stock market, the fact that such transactions are included in the general arrangement for foreign investment constitutes a practical obstacle. Indeed, adhering to the general foreign investment system involves a lengthy process before registration in the book kept by the Central Bank. Too lengthy, at least when it comes to taking advantage of the opportunities offered by the market, underwriting periods and cyclical ups and downs.

Therefore, we need a system that will eliminate lengthy waits for potential investors but that at the same time will guard against the dangers foreseen in the foreign investment law, in the sense of limiting the participation of foreign capital in certain sectors. In principle, the participation of foreign capital in the stock market is regarded as unobjectionable, as long as the precautions of the law, and the regulatory decree, to prevent the denationalization of what are considered as key sectors or enterprises are not watered down. One of the possibilities under study is to maintain control over foreign capital invested in stocks through the Securities Fund, but this mechanism would require amending the law that led to the creation of the fund because it provided for operations only with registered stock. Thus, although it in fact operates quite normally with bearer shares (the majority) as well, its legal basis is generally objected to.

With the aim of speeding up procedures, the planned reforms include the idea of boosting the amount of investment that the Under-Secretariat of Foreign Investments can approve, reserving for Executive Branch decision only those above \$5 million, for example, as well as investments proposed for certain key sectors. Also being looked at is the possibility of having smaller investments, for example up to \$100,000, entered automatically in the register, without the need for prior authorization. Naturally, a listing in the registry is a requirement for the authorization of overseas remittances of profits and for the repatriation of capital. This detail is perhaps not too important in the current exchange situation, but it is a major security factor for the long-term investor.

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## FRAGA SPELLS OUT HIS OPPOSITION TO SOCIAL BENEFITS LAW

Buenos Aires LA PRENSA in Spanish 27 Jul 79 p 7

[Text] Santa Fe—Yesterday morning the opening ceremony of the 11th National Meeting of Public Health Authorities was held in the provincial legislature. It was presided over by the nation's minister of social welfare, retired Rear Adm Jorge Fraga.

On this occasion Fraga spelled out his ministry's position regarding the future social benefits law, remarking, among other things, that "it is harmful from every standpoint to allow the contributions that workers make to cover their health care or vacation needs to be used for other, unrelated purposes," and adding that it is not fair that significant differences exist between the social benefits of various groups.

The meeting was attended by the governor of the province, retired Vice Adm Jorge Anibal Desimoni; the secretary of state of public health, retired Rear Adm Iram Campos; the province's social welfare minister, retired Commodore Roberto Francisco Pitaro and the under-secretary of public health in the province, Dr Nestor Lammertyn. Also present were delegates representing all of the country's provinces as ministers or secretaries of public health.

After the flag was raised and the national anthem sung, the session was inaugurated with a speech by Rear Admiral Fraga. Taking the floor after him was the governor of the province, who after welcoming the delegations and stressing the importance of these regular meetings and the characteristics that they have acquired based on the proclaimed principle of normative centralization and practical decentralization, referred to various aspects of provincial health care policy.

### The Minister's Remarks

In his speech the nation's minister of social welfare asserted that "it is harmful from every standpoint to allow the contributions that workers make to cover their health care or vacation needs to be used for other, unrelated purposes."

Fraga also spelled out his ministry's position regarding the controversial social benefits law. He said in this regard that another "basic aspect" that the forthcoming legislation ought to take into account is solidarity, because "it is not fair either that there are significant differences between the social benefits of various groups and that Argentines in certain branches of production are deprived of benefits that people in another sector enjoy, nor would it be fair for each person to make individual use of his contribution, without the solidarity that a system of mandatory payments implies."

#### Medical Care

In referring to the amount of contributions that have to be made to cover medical care needs, the minister acknowledged that "in theory they may be excessive," but maintained that "the current situation prevents us from cutting them back, because in an indexed economy like ours, the costs of benefits are rising constantly, while contributions in many cases remain the same or drop owing to the mechanism used to readjust wages and to the contribution evasions that are unfortunately taking place."

#### Equalization Fund

Fraga then said that "those are some of the major problems that we have to resolve through the new social benefits legislation, and one of the basic solutions is the creation of an equalization fund or redistribution fund that will enable us to observe the aforementioned principle of solidarity by forcing more powerful organizations to come to the aid of weaker ones with a view towards genuine community equity."

At another point in his speech the minister pointed out that "our goal is nothing more and nothing less than to see to it that our community achieves self-realization, but the total attainment of this goal has become utopian in modern society, inasmuch as the various social sectors have interests that are not only different but at times antagonistic."

"It is here that the government basically acts in order to moderate the distortions that arise in the fabric of society, without thereby stifling society or hampering the free exercise of the capabilities of each of its components."

He also remarked that "public health is a clear-cut example," because "it is a three-legged table, with the patients, the doctors and the state." He contended that "the state is the axis of the system because its main interest is maintaining the health of the society, which forces it to become a link in the doctor-patient relationship."

### The Minister's Activities

After the close of the opening ceremony of the national meeting, Minister Fraga undertook a swing through the city to find out how work is proceeding on the housing plans that are part of the National Housing Fund program.

He went first to the Las Flores district and then toured the Centenario district, where there are plans to build a new housing complex.

He also visited the future site of the Santa Fe sports complex, which will be built with federal government support, and he then moved on to Government House, where he took part in an informational meeting with the provincial social welfare sector.

Minister Fraga, along with his party, returned to the federal capital in the early afternoon.

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CSO: 3010

## BOLIVIA

### BALANCE OF PAYMENTS SITUATION FOR 1979 FORECAST

La Paz EL DIARIO in Spanish 24 Jul 79 p 5

[Text] Bolivia's exports of goods CIF will total \$798.4 million in 1979, representing an increase of 10.3 percent over the figure for 1978.

The situation is different with respect to trade in goods and services, which will decline by 4.5 percent from the 1978 figure and thereby record a deficit of \$286 million as a consequence of the increased growth of imports of goods and services by comparison with exports.

The 1979 Annual Operational Plan further states that trade in goods FOB will show a deficit of \$123 million, based on a planned growth of 10.6 percent in exports of goods compared to a growth of 4.9 percent in imports.

#### Exports

The plan anticipates a growth of 7.0 percent in the export of ores (including metallic ores) because of the increased levels of production in all categories except that of tin concentrate, where the figures will reflect the increased deliveries of this ore to the National Smelting Enterprise.

Exports of metallic tin--the principal export product--will record a 23.1 percent increase on the basis of the prices that obtained in 1978, which are expected to be maintained during the current year.

Moreover, there have been major structural changes in the export of hydrocarbons, with significant increases forecast in the volume of exports of natural gas and liquefied gas to the Argentine Republic and liquefied gas to Brasil.

In this connection (according to the Annual Operational Plan) exports of goods CIF will total \$798.4 million, representing an increase of 10.3 percent over the figure for 1978.

## Imports

In the category of imports, the plan forecasts for 1979 a growth of 4.5 percent in the value of imports of goods CIF, thereby justifying an increased substitution of domestically produced consumer goods for these imports, and a limitation on the importation of goods that are nonessential to Bolivia's national economy.

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CSO: 3010

FOREIGN RESERVES DECLINE FORECAST FOR 1979

La Paz EL DIARIO in Spanish 19 Jul 79 p 4

[Text] The government has forecast for 1979 a decline of 40.9 percent (\$1,385,000,000) in Bolivia's foreign reserves.

According to the Annual Operational Plan, this circumstance entails the need for adopting corrective measures in order to improve this level of reserves and thereby be in a position to ensure that foreign transactions are carried out normally.

At the same time, however, and despite the heavy volume of requests for financing through the Central Bank, the increase in net domestic credit was restricted to 43.6 percent. If this figure should be exceeded it would have serious repercussions on foreign and domestic equilibrium.

Background Data

The 1978 monetary program was based on a 39.1 percent expansion in net domestic credit and a 2.1 percent absorption of the foreign reserves. The actual performance of these variables, however, was significantly different, inasmuch as domestic credit increased in practice by 76.6 percent and foreign reserves decreased by 30.0 percent. In this way the increased expansion of domestic credit proved to be a good measure in that it was compensated by the utilisation of reserves, thereby making it possible to come quite close to the programmed goal in respect to monetary emission.

It was also pointed out that the economic situation faced in 1979 will be radically different, inasmuch as the low level of foreign reserves means that these reserves cannot be expected to be converted once again into an instrument for channeling the excess of money in the economy, particularly in view of the fact that the principal economic problem confronting the nation today is the growing deficit in the balance of payments rather than the deficit in the public sector, although the latter does exercise a substantial influence upon the former.

The Annual Operational Plan also emphasizes the fact that the gross credit extended by the government to the rest of the public sector, and that extended by the government to the banks, constitute--in that order of importance--the determining factors involved in the monetary emission of 1979. The plan points out that whereas the flow of gross financing to the government from its own resources is substantially less than that recorded in 1978, the estimated corresponding flow of gross financing to the rest of the public sector has increased substantially, due primarily to the deficit situation that prevails in the principal state enterprises.

#### **Measures**

Among the measures designed to solve the problems deriving from the crisis in the public sector--measures that will ensure attainment of the objectives of price stability and economic growth--the following are mentioned: increased restrictions on credit destined for commercial activities, and particularly that destined for financing import trade; an increase in the volume of time deposits in foreign currency, with a view to reducing the passive interest paid on these deposits; the removal of incentives from deposits in Bolivian currency that benefit from the "maintenance of value" provision, by creating types of deposits that are more attractive--in terms of quantities deposited and active interest--to the banks and that yield a higher return to the public; and lastly, an increase in the tax on short-term foreign bank financing.

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ECONOMIC RELATIONS WITH PERU TO BE STRENGTHENED

La Paz PRESENCIA in Spanish 18 Jul 79 p 10

[Text] The governments of Peru and Bolivia have decided to strengthen their traditional economic ties and their relations in the field of land communications. This announcement was made yesterday by Alberto Zelada, undersecretary for economic affairs of the ministry of foreign affairs of the republic, after taking part in a meeting--held last week in Lima--of the Joint Coordinating Commission of the two nations.

The undersecretary announced that these short- and medium-term proposals involve the ratification, before the end of this year, of the Peruvian decision to grant foreign-trade zones to Bolivia at the ports of Ilo and Matarani.

One of the other decisions reached provided for creation of a joint commission to study practical ways of implementing the principle of economic complementarity, and in particular by means of binational enterprises.

The meeting of the Joint Coordinating Commission was presided over by undersecretaries Juan de la Piedra, chairman of the Peruvian delegation, and Alberto Zelada, head of the Bolivian delegation.

Industrial Complementarity

Zelada called a press conference yesterday to report on the progress achieved in Lima.

He announced that agreement had been reached to create a special study group for the purpose of developing Peruvian-Bolivian industrial complementarity. The group will devote special attention to the assignments given to the two countries within the framework of the Andean Group.

It was also decided to create a binational enterprise for the purpose of developing the complementarity programs, preparing feasibility studies and proposing ways of financing the projects that will be formulated within this context.



The delegates decided, in this connection, to request the cooperation of the Andean Development Corporation (CAF), an entity which has broad experience in this field.

#### Highway Links

During its study of highway matters, the meeting placed special emphasis on bilateral support for the La Paz-Ilo highway project.

Both delegations reported on the current status of this construction project. On the Peruvian side, the cost of various stretches of the highway remains to be updated, and Bolivia announced that it is fully prepared to submit to the Inter-American Development Bank--at the opportune moment--a bilateral request for financing for the project.

#### Railroads

With respect to railroads, two possibilities were studied: construction of the Guaqui-Desaguadero-Puno line, and improvement of the La-Paz-Guaqui-Puno line.

The latter project received the more intensive analysis, because of the immediate possibilities it offers for increasing trade between the two countries and improving transportation to and from the port of Matarani.

This same plan has international connotations as well, by virtue of the fact that it would make possible, at some time in the future, a rail link between the Atlantic ports and the Pacific ports.

It is estimated that improvement of the La Paz-Guaqui-Puno line would require an investment of approximately \$40 million.

With regard to the expansion of land communications, it was decided to convene a joint group of experts to update the plans that are pending between the two countries.

#### Freight Traffic

Another subject that received the attention of the delegates to the meeting in Lima was the transit of freight en route to and from Bolivia.

It was requested that Peru expand its program for improving port infrastructures, especially those of the port of Matarani, and also the attendant administrative procedures.

It was proposed that integrated systems designed by ECLA [Economic Commission for Latin America]--systems currently being used in the handling of Bolivian freight in Chilean ports--be adopted.

This request was made in view of the fact that approximately 350,000 tons of freight to and from Bolivia pass through Peruvian ports, especially that of Matarani.

#### Foreign-Trade Zones

The offer of foreign-trade zones in the ports of Ilo and Matarani was also studied.

Peru announced its decision to have the legal instruments for the signing of the corresponding bilateral agreement ready before the end of the current year, in order that the governments of the two nations may put the provisions of the agreement into effect.

The agreement will be drafted in accordance with the modern conception of foreign-trade zones: that is to say, these zones will not be limited exclusively to the shipping and transport of goods and raw materials but will make possible the installation of processing plants.

In conclusion, Undersecretary Zelada reported the signing of two agreements relating to binational cooperation for suppression of the narcotic traffic and for police cooperation in the border areas.

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## BRAZIL

### FOREIGN MINISTER DISCUSSES PLO, AFRICAN POLICY, CUBA

Caracas EL NACIONAL in Spanish 30 Jul 79 p 1-C

[Interview with Foreign Minister Ramiro Saravia Guerreiro in Venezuela by EL NACIONAL editor Ted Cordova-Claure; date not given]

[Text] Brazil decided against commenting on the presence of Cuban troops in Africa because, in the end, African nationalism and its authentic cultural values will prevail, Brazilian Foreign Minister Ramiro Saravia Guerreiro told EL NACIONAL.

"We have said nothing regardless of whether there are Cuban troops here or there. It is a fact that we have always taken into account the role of African nationalism, identity and development. We view things from a long-term perspective which includes independence because of African national pride," Minister Guerreiro said.

A portion of the exclusive interview with EL NACIONAL--the first of its kind that he has granted to a Latin American daily since he took office at the end of March--dealt with the possibility of relations with Cuba. From the Brazilian point of view, this matter is at a dead end.

A career diplomat, Foreign Minister Guerreira talks about his name. The press persists in calling him Saravia, forgetting that according to Luso-Brazilian custom the matronymic precedes the patronymic. Even in Brazil some newspapers call him Foreign Minister Saravia Guerreiro. But actually he has always been Ambassador Guerreiro and today he is Foreign Minister Guerreiro.

Before assuming the Foreign Ministry post, he was director general of Itamaraty, the Brazilian Foreign Ministry, during Ernesto Geisel's administration. The current president, Joao Figueiredo, appointed him Foreign Minister and the Brazilian press unanimously applauded his appointment. Known for his practicality and sense of humor, Guerreiro possesses the basic skills of a diplomat which is of particular significance at a time when a country as important as Brazil is adopting an open policy. "Pragmatic diplomacy," as he himself defined it a few weeks ago in Brasilia, began with Guerreiro.

## Brazil and The Third World

Prior to his return to Brasilia we asked Guerreiro, who was staying at the Hilton's presidential suite, about Brazil's actual position on the Third World.

His answer: "Brazilian reporters have already asked me whether Brazil is a member of the West or of the Third World. Actually, Brazil is a western nation and shares with the West several common values derived from its cultural mold that resulted from its historical origin and evolution. And characteristically, it fits the pattern because of the extent of its development. In terms of per capita income, of being an importer of capital and technology, Brazil is a country where social conditions are not at the minimal desirable level. It resembles a developing country and appears to belong to the Third World. At the same time it is a country with specific needs. In that sense, from the cultural point of view it is mestizo. Hence its ability to understand the problems of the African nations. Our foreign policy reflects this mixture. But at the same time, we should not forget that Brazil is a country that needs peace, that needs to develop and it has chosen a development model that is freely open to foreign countries, it is culturally open and possesses a great deal of self-awareness. That is why it can be open. That is why we tend to be universal, are highly cognizent of the role of dignity in foreign policy and, in this sense, to a certain degree we also belong to the West."

We then asked him if, within the framework of the Foreign Minister's explanation which was made in almost philosophic terms, Brazil had finally given priority to its relations with Latin America.

Foreign Minister Guerreiro answered that "Today Brazil has no problem maintaining relations with all countries. When difficulties arise it is because problems that have nothing to do with reality have been manufactured. Latin America is on the top of our foreign relations policy list. As is Africa, a continent with which we have rediscovered very deep ties. They also have found that there are many things in Brazil with which they can identify and this has provided cooperation and trade opportunities. For us it is possible to develop technology that is adapted to an ecology and climate that is very similar to theirs and in some cases language makes communication between Brazil and certain African countries easier. One should never mention that diplomatic victories exist, but Brazil feels that basically the legal equality of nations should be respected. This position taken by our Foreign Ministry has been particularly successful in the case of Africa: an attitude of respect...we seek what is of interest to both parties. Our attitude is the same towards everyone. In some cases more possibilities are available. For example, Nigeria is a more densely populated and richer country which offers more trade opportunities."

Recalling that in the past Brazil was opposed to ideological pluralism on our continent--for example in the case of Cuba--we asked him because of his enthusiasm for Africa what was the present Brazilian government's position toward the socialist governments of Angola and Mozambique.

Foreign Minister Guerreiro replied: "For Angola and Mozambique we also have a very deep respect for their makeup and internal matters which we do not judge. We have strict respect for their affairs and to the extent possible we try to improve the terms of trade and technical cooperation. For example, this year trade with Angola will reach \$100 million and that is a good beginning. Recently, the Angolan Petroleum Minister visited Brazil to finalize an agreement with PETROBRAS [Brazilian Petroleum Corporation] that would supply us with 15,000 barrels of Angolan oil per day. We have very fluid relations with Guinea Bissau and on 10 July the first trade mission from Mozambique arrived in Brasilia."

#### Ties With Africa

Outside of Brazil, there are two other countries in this continent which have a more greatly developed African policy. They are Cuba and the Cooperative Republic of Guyana. We told him that we thought that Argentina had more of a "South African" policy which brought laughter and sarcasm from the other members of his entourage who were present during the interview. From this standpoint, we asked him if there was some reconciliation among these different African policies, including Cuba's, and efforts in certain Argentine circles to create a military alliance with South Africa, a nation which has made racism a doctrine.

Foreign Minister Guerreiro said: "We are not thinking about reconciliation. The motivations of the countries that you mentioned are different, the situations are different. We are not in anyway attempting to influence Africa. We have created a good atmosphere that is based on natural ties."

[Question] Specifically, what is your opinion of Cuban military policy?

[Answer] It is consistent with the policy of our Foreign Ministry not to judge African nations. We are not in those countries as professors. We are not advising them on topics that are strictly of internal interest. If they have Cuban troops here and there, we have not said anything to them about it. We have always played the game of African nationalism, of African identity and cultural development. We know that over the long term independence is the only answer as is national pride. Therefore, on that matter we feel very reassured."

[Question] And what about the reports of the creation of a South Atlantic Alliance with South Africa which have been attributed to Argentine navy circles?

[Answer] That is a very interesting question especially since Brazil has denied these insinuations repeatedly until it sounds like a refrain. But they are rumors of very strange origin and, why not say it, of suspicious origin. But I can tell you that our government has nothing to do with that matter. They are reports without foundation which serve to take up the time of men of good will."



The Brazilian Foreign Minister then explained that Brazilian trade with South Africa was at a standstill and not being promoted. Brazil is complying fully with the UN resolutions on Namibia, Rhodesia and South Africa and it maintains a policy of not accepting white immigrants from those nations.

#### Cuba, Low Point

We then asked him if in the present breach between Cuba and Brazil, they have no relations, there wasn't some phantom creating problems. We reminded him that a few months ago when a Brazilian reporter asked Fidel Castro about this his response was somewhat contemptuous. Foreign Minister Guerreiro replied that "no phantom was involved. We look at the situation v.c., coldly. We have no reason to give priority to this matter. There is a contradiction with Cuba, but we are not setting ourselves up as judges. In any case it is a matter that will evolve with time. No date can be established beforehand with any country."

The Foreign Minister also announced that a high-level Brazilian mission would travel to Havana in September to attend, with observer status, the Non-Aligned Nations Conference.

#### Confusion Over the PLO

A few weeks ago, Brazil's recognition of the Palestinian Liberation Organization (PLO) created a great commotion. The incident provided certain circles in Argentina with a reason to start a rumor that the PLO might be able to support the Montonero guerrillas, if they're still in existence, from bases in Brazil. For Guerreiro the problem is very simple. The Brazilian Foreign Minister said: "There is a great deal of confusion over this matter. In 1975 a UN resolution was passed recognizing the PLO as the representative of the Palestinian people and the PLO was given observer status in the UN. Brazil's policy has been to recognize national liberation movements which have been recognized by their respective regional organizations and this was the case, for example, with the recognition of the Arab League or of the Union of African Unity. During the ceremonies for a high-level mission from Iraq, Brazil was specifically asked if the PLO could open an office. This does not mean that we are going to recognize a state. It is a policy towards an organization that represents a people that is seeking the right to self-determination. Nothing more than this is being recognized. But our critics tell us that the Palestinian constitution calls for the extinction of the Israelis and that the PLO promotes terrorism. The reply is very simple. Obviously, a political movement is being recognized, but this does not mean that all of their ideas or actions must be recognized or accepted."

[Question] But in the end did the PLO ask to open an office in Brazil?

[Answer] The request was made by Iraq and other Arab states. It is a matter that I will study. I have not promised them anything. It was the

least we could do and say and we can do no more than what the majority of the Western European countries have done. There are PLO offices in Western Europe and they have a private statute which is subject to territorial jurisdiction. There was an exaggerated reaction to this case...."

The Brazilian Foreign Minister very diplomatically calls for a peaceful solution to tensions between Argentina and Chile and for a peaceful solution to Bolivia's desire for an outlet to the sea. He began his diplomatic career in Bolivia in the 1930's.

/Question/ What is a foreign policy?

/Answer/ Foreign Minister Guerreiro replies: "The goal of Brazil's foreign policy is the happiness of the Brazilian people. I feel that that is the most appropriate course. Basically, that is what most of the foreign policy tools seek with legitimate methods and goals...."

/Question/ And what if that happiness means unhappiness for other people?

/Answer/ In principle it is obvious that controversies exists. That is life. In diplomatic terms it is important that there be a willingness to find ways and means that will satisfy the goals of all nations...."

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BRAZIL

BOOK, INTERVIEWS REVEAL ARNS' VIEWS ON MILITARY, AMNESTY

'Military Think Him Communist'

Rio de Janeiro JORNAL DO BRASIL in Portuguese 23 Jul 79 p 2

[Excerpts from interviews appearing in the new book by Getulio Bittencourt and Paulo Sergio Markum about Dom Evaristo Arns, archbishop of Sao Paulo, put on sale 23 July: "O Cardeal do Povo" ["The Cardinal of the People"]]

[Text] Sao Paulo--The archbishop of Sao Paulo, Dom Evaristo Arns, believes that the military think he is a communist, according to one of the fresh revelations made in the book "The Cardinal of the People," which arrives on the newstands and in the bookstores today. The book, written by reporters Getulio Bittencourt and Paulo Sergio Markum, has 76 pages and is published by Alpha-Omega.

Dom Evaristo also reveals that former Governor Paulo Egydio Martins brought him a message that he should stop calling upon General Golbery do Couto e Silva because--he relates--the contacts he was making were prejudicial to the cabinet minister and his position as a man in the top echelon of the government. The cardinal tells of episodes involving Catholics and the military and others as well, such as his participation in "charging" Mr Paulo Egydio with the death of journalist Vladimir Herzog in the 2d Army DOI [Department of Domestic Operations]-CODI [Internal Defense Operations Center].

Attempts

In the chapter "Face to Face," Dom Paulo narrates for the first time "the inside story of his efforts to restrain the excesses of repression and torture, creating conflicts between cardinals and generals." In the part pertaining to his contacts with General Golbery, Dom Paulo asks: "But they say that Golbery himself is already half balmy, don't they?" The reporter replies: "They say that he is losing power," and the cardinal answers: "We do not have any information about that."

[Question] Does he (General Golbery) talk with you?



[Answer] Not since then.

[Question] He talked with you at the very beginning of the Geisel administration, did he not?

[Answer] It isn't that I have anything against him personally; absolutely not. But at the time I went to him with the relatives of 26 missing persons we talked for 4 hours and he said to me: "Dom Paulo, you may rest assured we are going to clear this matter up." He promised me that we would receive an answer. A week went by, a month; until now, nothing. Then one day he sent me a message through Governor Paulo Egydio Martins: he asked that I not telephone him any more because it was prejudicial to him. So then I left him completely alone, did I not? Because a person who does not want me to do even that doesn't want me to do anything.

[Question] You have not called upon General Golbery again since then?

[Answer] I gave up completely; never again. At times I sent things to him, information that he might get from other sources, but which he could then compare with what I had sent him. I sent him things such as how much real wages the workers were getting in the city of Sao Paulo.

[Question] Do you believe that they (the military) think Dom Paulo Evaristo Arns is a communist?

[Answer] They think so. One time I went to visit the 2d Army commander, Gen Dilermando Gomes Monteiro, just after he arrived here. And he asked me to my face: "Dom Paulo, are there many communists in Sao Paulo?" In reply, I remarked that the automobile traffic tie-ups in Sao Paulo are very interesting.

One time I was looking in the waiting cars and I noted that all, practically all of them were carrying only one person. Then I thought: well, in Sao Paulo there can be only one solution--provide mass transportation for everyone. Perhaps the firemen, doctors and even the military could use a private car. For the rest, public transportation. For instance, if there were only public transportation on the street, I could get from there to the curia in 10 or 15 minutes. And I asked General Dilermando: "Do you think that is communism?" Because I think this could be done. He replied that to him that is communism.

[Question] It's because they have no social awareness.

[Answer] They haven't. I said to General Dilermando that a worker loses 4 hours on the way from home to work, just because of our stupid mode of transportation. With more emphasis on public transportation and much less on the private car, imagine the savings we would have. The surplus could be spent on education, on health. With such a system the worker would have more free time. But my greatest surprise was this: Once I had a meeting

here with some people who are very well-situated in Sao Paulo, and I asked them whether that wasn't the solution for Sao Paulo. They also think it is communism. So everybody's crazy, aren't they? Everybody's crazy. That is something one learns only in the school of the people, living with the people. The university is nothing more than apprenticeship in systems; it is finished.

Other hitherto unpublished revelations by Dom Paulo Evaristo Arns:

About Dom Helder: "Shortly after I had the first problem upon becoming archbishop of Sao Paulo he was here with me. He and the papal nuncio of that time were both staying at my house. They said nothing, they gave no advice. Dom Helder never gave me any advice, but remained there and prayed with me on days when people were being tortured and Humberto denied it. Humberto (Humberto Souza Mello, commander of the 2d Army before Gen Ednardo D'Avilla Mello) was terrible."

About the Dominicans: "They were tortured very much; one of them, Frei Tito, even committed suicide, but the others were also badly tortured."

About his trip one day to the DOPS [Department of Political and Social Order]: "The police officers were in Guarujá. I said that I wanted to speak with the officer in charge. He was not in. Then I asked to speak to whoever was in charge temporarily. They called him and I said: 'I am the archbishop of Sao Paulo, as you can see (I was wearing my cassock). I must see the prisoners.' 'Ah, but you may not.' 'Look here, I am the archbishop of Sao Paulo and if you do not let me enter I will bring suit against you because it is against the constitution; you must let me enter. In any event, you must let me enter.' They finally let me and I went to observe because I reported what I was able to find out."

About Pope Paul VI: "Pope Paul VI always asked me about torture; he let me speak freely and he twice took a position against torture in Brazil."

About the visit made him by a former torturer: "I never permitted anyone to tell me what he did. But this person came and said: 'I was a policeman, but I am not any longer, because I could not stand it any more; but I tortured. I tortured many people and many times.' And is he pardoned for this? There was a conflict. That conflict of conscience that I saw one time in five police officers. It was in that week when I went every day to the DOI-S to see whether I could find those persons, some workers who were there, 49 prisoners."

'This Is Not Amnesty'

Brasília CORREIO BRAZILIENSE in Portuguese 11 Jul 79 p 5

[Interview with Cardinal Paulo Evaristo Arns, metropolitan archbishop of Sao Paulo, in Belem on 10 July: "Dom Arns Asks for Unrestricted Amnesty"; name of interviewer not given]

[Text] Belem--"If at least 5,000 persons can now be reintegrated into national life, this is a benefit that we must acknowledge. I was in Europe and I said a mass in April for 250 exiles; what I saw was very moving. It would not be right to grant torturers amnesty; we have the names of hundreds of them who were identified and against whom we have court proceedings. Although, on the one hand, they may not all be tried, on the other hand, neither can they all be pardoned."

That statement was made by Cardinal Paulo Evaristo Arns, metropolitan archbishop of Sao Paulo, in reference to the government's amnesty. Dom Paulo asserts that the government should initiate public hearings that "bring to the surface" everything done in the depths of the DOI, the CODI, the DOPS and the Army barracks of Brazil, but stresses that torturers cannot be given amnesty: "They must be held accountable for the crimes they committed; that is my opinion."

From the church's point of view, Dom Paulo Arns said that, in beginning a new phase, pardon must be generous and extensive. He further commented that there is a very strong feeling among those banished by the revolution "that they are willing to begin a new life from now on."

Continuing, the Sao Paulo cardinal said that "if there is pardon there must be guilt. And those who were granted amnesty were not guilty. On the contrary, they were victims. Of course they should be granted amnesty; they should even receive compensation. They were imprisoned by mistake and oftentimes unjustly."

[Question] How do you view charges that the Cost of Living Movement has been infiltrated by the Left?

[Answer] In the first place, I have observed the Cost of Living Movement since its emergence. It was born in five small mothers' clubs. Later they were joined by 20 more, and so it went on. They had a beautiful program: the first thing was to arrange transportation and the second was to arrange day nurseries for their region. Then they wanted to expand, and decided to unite with 26 or more existing mothers' clubs. Hence, the movement is one of housewives, of people who suffer, very humble people; it has nothing to do with the Left. If everyone who doesn't have enough to eat is a leftist, then the majority of Brazilians are leftists. In the second place, what they are seeking is quite simple: that the prices of basic commodities be frozen; that is, that they not be constantly subject to increases--otherwise, there just isn't enough money in the purse. In the third place, when there is an increase in the minimum wage, they ask that the increase be a little more than the increase in living costs, so they can recover what has been lost since 1961--and they have other demands. Little by little they are becoming more realistic. They have obtained members in nine states, after securing 1.3 million signatures in Sao Paulo. Now it is perfectly clear that these 1.3 million people in Sao Paulo are not leftists. They are people who suffer and who are in agreement with these principles. Today

they are ably assisted by good economists, by the community, by lawyers, and they are trustworthy persons. I believe that all movements here can be infiltrated, but that is a pretty cheap excuse. It must always be proven and as yet leftist infiltration has not been proven.

[Question] Will the Cost of Living Movement be redirected? Or is such a redirection already in process?

[Answer] I think they are going to make progress. The government has already taken some tentative steps; it has frozen prices for a while and now it is going to subsidize some essential commodities--which is exactly in the direction of their demands. From now on wages and prices will be controlled by them. And so it will constantly have new goals and will have a certain dynamic, but its membership is very unpretentious, very good, very down to earth, and I hope it stays that way. When the people speak we must listen, because that is where the community conscience, the common conscience lies.

[Question] Education Minister Eduardo Portela, in a visit to Belem, declared that resurrection of the UNE [National Student Union] is not essential. What is your opinion about that matter?

[Answer] In the first place, the very fact that the directorates discuss politics is quite important. Just as all national problems should be aired while the youth is in the university; otherwise, he will later be concerned only with his own job, his own living, and will no longer be interested in the common welfare. For that reason, it is essential to have a political initiation and some political training within the universities, and this is not possible through a single directorate. So it is necessary to unite the directorates--by city, by state and later nationally. I see no problem whatever, because the whole world has its associations, unions or federations. Why should Brazil be different?

[Question] What are the requirements for the broader amnesty that you seek?

[Answer] My proposal is the simplest thing in the world. When we forgive and forget, it is because we have something to forgive and to forget. The amnesty that has been proposed so far neither forgives nor forgets. It only grants amnesty to those who are not guilty. So it is neither forgiveness nor forgetting. For the time being, it is not even amnesty. Real amnesty must be generous, as the forgiveness that God gives us and that we give to those we love. Either we are one national family that is forgiven and is beginning a new phase, or we have not yet arrived at amnesty. We are wanting to forgive those who were not guilty, and that is not forgiveness at all. They should be compensated.

Dom Evaristo Arns arrived last night in Belem, coming from Santarem. The prelate, who was met at the airport by a large number of clergymen, was accompanied by the vicar general of the Sao Paulo archdiocese, Monsignor

Luciano Tulio Grilli. The cardinal's visit to Belem came about through an invitation for him to address a conference about "The Urban Pastorate" in the Gentil Bittencourt Academy auditorium.

'All Must Be Pardoned'

Brasilia CORREIO BRAZILIENSE in Portuguese 8 Jul 79 p 4

[Text] Manaus--"I have already had occasion to be thankful for the benefits amnesty has brought to 5,000 persons, but I still think it is not enough, especially because those who are missing and those who were tortured should also have an opportunity to grant amnesty, since they cannot receive it." That statement was made in this state capital yesterday by Cardinal Dom Paulo Evaristo Arns, who is making a pastoral visit to Amazonas for the purpose of observing the work conducted by Sao Paulo pastoral agents.

According to Dom Paulo Arns, who left yesterday for Santarem, Para, pardon must apply to all without distinction, thus making possible a real communion of Brazilians based upon national ideals. He denied that his trip had the nature of a survey of the agrarian question, although he announced for October a meeting in Sao Paulo at which problems of land, justice and the Indians in the Amazon region, among other subjects, will be discussed.

He denied that recent strikes mobilized in Sao Paulo have been used as tools of the multinational companies interested in raising prices of the final product.

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## RECOMMENDATIONS FOR STIMULATING TECHNOLOGY DEVELOPMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jul 79 p 34

[Text of report by Technology Secretariat of the Mines and Energy Ministry issued during week ending 21 July: "Recommendations to Stimulate the Nation's Technological Development"]

[Text] Brasilia--Poor distribution of funds appropriated by the federal government for science and technology, lack of control over the results of these appropriations, exaggerated bureaucracy in all agencies, insufficient mechanisms to foster application of the technology generated and lack of support for individual inventors are the principal reasons for the meager practical results obtained from government investments in technology. Beyond that, the amount of funds appropriated by the government is not large.

These conclusions of the Technology Secretariat of the Mines and Energy Ministry are contained in a study finished this week entitled "Recommendations to Stimulate the Nation's Technological Development."

According to the secretariat, "for the nation to become fully industrialized within 20 or 30 years, it must define as soon as possible a firm policy for technological development, mobilizing all resources available for this purpose."

### Incompatibility

The team making the study is headed by engineer Ivan de Freitas and is composed of three engineers who are clearly upset about the resignation of Prof Lynaldo Cavalcanti de Albuquerque, president of Paraiba Federal University, as chief of the agency. Lynaldo asked to be relieved of his post, alleging an "incompatibility of work style" between the Technology Secretariat and the ministry's General Secretariat.

To function normally, fulfilling its task of furnishing support for the new Brazilian energy model in seeking alternative energy sources, the Technology Secretariat would need at least 20 employees.

Without funds and without enough personnel, the secretariat is virtually at a standstill at a time when it should be making a greater contribution to the National Energy Commission.

In view of this unsatisfactory situation, the document prepared by the team is a strong indictment of the precarious conditions under which the secretariat functions.

The document in its entirety is as follows:

## 1. Introduction

Investments made by the government in the area of science and technology have thus far produced little practical effect, due to:

A) Fragmentation of financing agencies, with a consequent failure to define responsibilities in the science and technology sector within the federal area. This results in exaggerated coverage in some areas of knowledge and total neglect in others. Nor is it rare for projects to have obtained more than one financing from different agencies due to the lack of communication between them.

B) A large part of FNDCT [National Fund for Scientific and Technological Development] funds, administered by FINEP [Corporation for Financing Studies and Projects], is provided to supplement expense funds of the universities and thus there is little control over production of effective results in the science and technology field.

C) The funds appropriated for scientific and technological development generally represent only a small part (10 to 20 percent) of the total funds needed for effective industrial application of results, so that many research findings about new technologies are "put on the shelf" for lack of other mechanisms that foster application of the technology generated.

D) Exaggerated bureaucracy in practically all agencies, making the process of negotiating projects between agencies and contractors very burdensome and time-consuming, with great uncertainty about maintaining continuity of research teams and consequent delay in transferring the results achieved.

E) Little attention given to individual inventors because financing is always directed to institutions or corporations, whereas it is known that major innovations are often proposed by persons who are not even specialists in the area.

## 2. General Philosophy of New Proposal

For the nation to be truly industrialized within 20 or 30 years, it is necessary to define, as soon as possible, a firm policy of technological development, mobilizing all resources available for this purpose. Generally speaking, that policy could be made up of the following ingredients:

- A) Institutional support for universities and research institutes to continue training specialized manpower and to conduct basic research and advanced technological studies with medium and long-term maturities.
- B) Direct support to Brazilian firms for development, adaptation and absorption of technologies that can produce short-term results.
- C) Aid to individual inventors in obtaining patents, constructing prototypes for testing and administering inventions.

## 3. Proposal of Institutional Mechanisms

A) For individual inventors, the CNPq [National Scientific and Technological Development Council] could provide services to help them obtain patents from the INPI [National Patent Institute] and assist them later in constructing and testing prototypes and selling rights to develop their patents. For constructing and testing prototypes it would be appropriate to have laboratories or institutes associated with the CNPq that could assist inventors by making an initial selection of ideas and establish priorities for those considered promising. It is not intended to create new research institutes, but to make use of the facilities already existing in universities and research institutes, supplementing them as new needs arise. For example, the CNPq could function through agreements with research institutes, establishing a table of remuneration for each type of service rendered, in the same way that the MPAS [Social Security Ministry] does with the hospital system.

B) For technological research and development in basic areas with medium- and long-term results, it would be preferable to employ the universities and research institutes. Eventually teams could be organized within such institutions to serve as "neutral" custodians of the technology for a given sector. For instance, a university or research institute should participate in contracts for transferring a given technology from a foreign company to a domestic company, so that when another industrial enterprise in the same sector needs that technology it need not acquire it all over again from the same foreign source, duplicating the payment for the identical technology.

Funds available from FINEP and CNPq should preferably be channeled to such an area, providing financing from technology through to the stage of pilot plant or prototypes and testing models.

C) For absorption of new technologies, financing should be granted directly to the industrial company concerned, involving economic feasibility studies,



production of commercial prototypes, plant layout, tools and adaptation of production lines. Investment in this phase could be considerably greater than in the research and development phase, but the financing could be granted on a refundable basis through certain risk clauses, thus reducing the private investor's risk. A typical instance of such financing would include executing the industrial design of the product, adapting it to available productive equipment and materials and to the characteristics and needs of the consumer, with production of a small run of 10 to 20 units of the product. This type of financing, because it involves a larger amount of funds and a refund of the investment, should preferably be handled by the BNDE [National Economic Development Bank] and other investment banks.

D) Incentives should be created so that the costs of initial units of production can be absorbed by other mechanisms in order to make them competitive with similar mass-produced articles abroad. For example, when the product is not yet produced in Brazil or is in sectors where the nation has little experience, the state enterprises could assume a premium of up to 100 percent for the purpose of comparing prices with similar articles made abroad.

E) Small and medium-sized companies with little technological capacity could develop projects of the "multi-client" type through research consortia. This calls for identification of common needs by several companies of the same branch of business and one contract for research, results of which would be made available to all members of the consortium.

F) Flow and utilization of foreign technology could be increased considerably by contracting individual researchers (not through institutions), purchasing samples and entering into contracts for technology transfer. For such purposes CACEX [Foreign Trade Department] should authorize importing two or three units of the product for Brazilian manufacturers of similar articles whenever anything novel is discovered in the international market. Some of these articles could be sent to companies and others to universities and research institutes capable of "unraveling the technology" or "untying the technological package," detailing the materials and manufacturing processes called for on the basis of the manufactured product itself.

CNPq or FINEP offices could be opened in major industrialized countries to facilitate such absorption and appropriation of foreign technology, even directly advising the industries concerned. Eventually Brazilian embassies abroad could be mobilized to provide support to this type of service.

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## BRAZIL

### BUSINESS LEADERS SEE GREATER ECONOMIC DIFFICULTIES AHEAD

Rio de Janeiro MANCHETE in Portuguese 4 Aug 79 pp 126-127

[Article by Pery Cotta: "Industrial Production Continues to Increase"]

[Text] A survey by sectoral business leaders based upon first half-year results indicates greater difficulties for the economy in the months ahead. The second half of 1979 will have lower growth rates than did the first half and, as 1980 begins, the threat of recession could be taking definite shape, especially in industrial sectors. Not that the first-half figures are discouraging: on the contrary, they confirmed considerable vigor in the Brazilian economy, despite the very poor performance of agriculture (due to climatic adversities) and the continually increasing prices of petroleum in the world market.

It happens that, in initially establishing the battle against inflation as its top priority, the government imposed a series of "packages" that, in practice, represent a cooling off or a freezing of production. Some of these measures have already exhausted their effectiveness or have been rendered obsolete by the latest OPEC decisions and by the switching of top priority to the energy sector, with the inflation battle relegated to a lower level of concern. Businessmen, who are now being encouraged by the National Energy Council to seek new alternative sources for petroleum and displace consumption of imported petroleum, are facing a new economic and financial reality. This new situation will require, for example, increased exports, maintenance of employment opportunities for the work force, and production of goods and foodstuffs at more accessible prices. All this conflicts with continuation of the cooling-off policy and puts a check on the rigor of certain anti-inflationary measures. Especially because inflation will continue to arrive within the barrels of imported petroleum and with the ever-rising domestic prices of fuels. Or in the foreign borrowing that is again being fed by international financial speculation arising from lower growth rates in the industrialized countries and higher rates of inflation throughout the world.

Just as the poor man can only go stumbling ahead, there remains no alternative for Brazil but to go on growing, so as to have enough money to pay for

imported petroleum, invest in domestic production and generate foreign exchange that will at least sustain the current level of foreign debt. As for inflation, the battle has already been lost for this year: in the first 6 months official figures totaled 25 percent and by December they will be at least 46 percent. If the cost of living increases by 4 percent a month, as expected, the year 1979 will close with 49 or 50 percent inflation, counting only the 12 months of the year from January to December. Counting the last 12 months to date, it is already 50 percent.

As monetary correction ["indexing"] reinforces inflation by 60 to 70 percent, the year 1980 will begin with an inflation rate of at least 30 percent in the month of January. It would be a great feat if next December can close out the year with the same 49 or 50 percent as 1979. But it is possible for this to happen, because by then Agriculture Minister Delfim Netto's food-stuffs production policy will have shown its first results. And we will be importing less rice, beans, meat and corn.

Nevertheless, the Brazilian economy's agricultural deficiencies and the overload of petroleum problems were not quite sufficient to disturb the growth of industrial production, which continues to prop up the gross domestic product (GDP). According to IBGE [Brazilian Institute of Geography and Statistics] data (partly refuted by industrialists who concede less growth), manufacturing industry had an average growth of about 10 percent in the first 5 months of the year. The level of employment also continues to rise (4 percent in April), although at widely varying rates among the nation's major population centers. Last month, in turn, steel production showed significant growth in comparison to the same period in 1978, and produced 1,148,500 tons, according to surveys by the Brazilian Iron and Steel Institute that show the iron and steel industry continuing to produce normally this year and not feeling any impact from economic deceleration.

And there is an abundance of similar examples. The electrical and electronics sector, bombarded by the government with restrictive measures on direct consumer credit, will certainly have a reasonably good performance this year. Sales made in the first half of the year were considered satisfactory by the sector's business leaders. The trend could even get better if the government decides in the next few days which home appliances will be considered goods of popular consumption and allowed to stretch out installment payments by the consumer. But even with such restrictions, 10 percent more refrigerators, 14 percent more vacuum cleaners and 21 percent more electric irons--but 9.6 percent less color television sets--were sold compared to the like period last year. As for television sets, it happened that the World Cup soccer matches were held in 1978 and, as a result, there was a rush to the stores so that the World Cup games could be seen in color. (The color of the Brazilian team, unfortunately, was gray).

Although the cement industry has grown more than 8 percent and the sector's sales are greater than those of 1978, civil construction (one of its major clients) has not fully recovered and is providing less employment, especially

in Greater Rio de Janeiro and Greater Sao Paulo, where government building was curtailed. In Rio de Janeiro the situation may soon get better for engineering firms and construction contractors, thanks to reactivation of subway construction. Which will also mean more opportunities for less-skilled labor.

To anyone familiar with the figures showing Brazilian development, the economy's persistent pace, confirmed by the increasing consumption of electrical energy during the first half of the year, comes as no surprise. Much less the vigor of the industrial sector, now responsible for over 60 percent of Brazilian exports. Even when one recalls that in 1979 industrial sales abroad will be more than total Brazilian exports in 1973, the year the world was first jolted by increased petroleum prices. During that year Brazilian exports were about \$6 billion.

This year exports of manufactured products alone may reach \$7 billion or \$8 billion, if the rate of production reached in recent months is sustained. In 1973, however, the impact of petroleum prices was undoubtedly greater than will be felt this year. For us, the unfavorable impact of agricultural imports due to the drought, flooding and frosts that hit domestic agriculture for 2 years running will be worse for the nation's balance of payments than the increase in petroleum prices.

In a bad year for agriculture, the industrial sector would like to continue the contribution it has been making to the Brazilian economy's growth, to tax receipts and to employment opportunities. But the businessmen of this sector, which grew in a quite homogeneous fashion during the first 6 months of this year, fear the threat of recession. And more than this, the pressure for funds to reverse the agricultural sector's position and to satisfy the clear needs arising from the energy crisis. These two new priorities, allied with rigid control of public and private investments in the effort to check inflation, could eventually nullify efforts these businessmen have already made to sustain the development rate in all industrial areas. Continuation of restrictions, however, is not likely to be stressed by the government, which has long been aware of the industrial sector's importance in employment as well as in foreign trade, as the most recent statistics prove.

Recession has never been present in the plans of any country's government. In Brazil, on the contrary, Finance Minister Carlos Rischbieter is even willing to increase the foreign debt to get new funds and not have to spend more than \$3 billion of exchange reserves, depleted by paying high prices for petroleum. The finance minister is sure the government will have to set up new export programs. Which of course will have to rely upon the industrial sector's favorable performance, at least in 1979, since the agricultural sector has not yet managed to recover from the successive problems caused by abnormal climatic conditions.

Public and private investment must be maintained although some of it must be redirected to sectors not dependent upon imported petroleum for continued

development. Businessmen are hoping this redirection will be defined by the government as quickly and as clearly as possible, to better confront the current adversities of the national and international economic situation. But the government and businessmen as well have arrived at the conclusion that the present stage of the Brazilian economy is neither better nor worse than what it has been in recent years. If on the one hand expenditures for petroleum imports and the size of the foreign debt increase, on the other hand the responsibility increases for the commitment not to turn the nation over to the rudderless ship of widespread recession.

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# INTERBRAS OFFICIAL REBUTS CHARGES OF DEFICIT OPERATIONS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Jul 79 p 33

[Text] "INTERBRAS [PETROBRAS [Brazilian Petroleum Corporation] International Trade, S.A.] neither produces, manufactures nor constructs anything; rather, everything it sells is purchased from its domestic producer," recalls Sergio Barcellos, vice president of the state trading company, in responding to accusations that it is prejudicial to private interests or has a deficit in its operations. In the first 6 months of this year, the PETROBRAS subsidiary for international trade had a net profit of only 97 million cruzeiros on gross sales of 7.8 billion cruzeiros.

"If a private company had all the supporting services available to INTERBRAS, it would certainly show a larger profit," contends Laerte Setubal Filho, president of the Brazilian Exporters Association, emphasizing that "if evaluated in comparison to INTERBRAS, we would find that its profit is 15 percent of the total, which is a very poor performance."

## The First Returns

The successful 6 months and the record sales in June (2.33 billion cruzeiros, almost equal to the total for all last year: 2.908 billion cruzeiros) are mainly due to coffee, but also to selling U.S. grain right in New York, which prevented the smaller domestic crop from halting the company's operations in the sector for 3 months, as in the past.

Moreover, after a period of investing, the area of services is suddenly beginning to show profits, despite the problems it still involves, beginning with--according to Barcellos--the difficulty of convincing the Brazilian contractor to take a risk with INTERBRAS abroad. "It is almost necessary to lasso them," he says. "Eventually, it even means taking physical risks and, for example, having to make a stopover in Beirut in October 1978 in returning from Bagdad, when the city was literally demolished by war." Sometimes, also, the contractor's shortage of capital threatens to interrupt things and must be provided quickly, since INTERBRAS has the responsibility of preserving the market and the nation's good name.

"Hence, to debate private or public ownership in the context of Brazilian foreign trade seems to me to be an exercise in ideological extremism," Barcellos continues, "since what is really important is to provide Brazil with effective use of public or private instruments as a vehicle for expanding its exports." And he explains: "If INTERBRAS has the function of marketing Brazilian products in China, what it must do is use it to open the Chinese market to private Brazilian businessmen."

He believes that the private businessman eventually makes mistakes, but remembers them and learns something in the process and so in a few years will be able to go to the international market alone because he is already familiar with it. But he maintains that, essentially, INTERBRAS is meeting a need of the Brazilian state in its foreign commerce.

"Countries with centralized economies require in their negotiations the presence of the state on the other side of the table. In the course of this dialog it is possible to provide support for the Brazilian businessman," the INTERBRAS vice president asserts. And he cites some examples: sale of Globo and Cacique brands of instant coffee to China, sale of hotels and a railway in Iraq, export of coffee beans (over 200,000 bags in 1978) to the GDR and also to Algeria; of soybean meal to the GDR and Yugoslavia.

It thus is not by chance that the principal markets for the state trading company are the Middle East (Iraq, Iran, Kuwait, Qatar and the Emirates); East Europe (the GDR, Romania, Czechoslovakia and Yugoslavia, but not the USSR); North Africa (Algeria); West Africa (Angola and Nigeria); and Asia (Japan and China).

The actual birth of the trading company was a result of demand from this quite special market: it arose from the need to institutionalize a function BRASPETRO [PETROBRAS branch for overseas operations] was already performing informally--responding to purchase requests (virtually demands) from its Arab clients. The only Brazilian presence in the region, other than Itamaraty [Brazilian Foreign Ministry] was BRASPETRO, and the Arabs could not understand why it did not have rice, soybeans or coffee to sell if it belonged to the Brazilian state.

Late in 1975 BRASPETRO proposed to the PETROBRAS Council of Administration creation of a specific subsidiary for trading, freeing it from tasks that were not at all adapted to its infrastructure of engineers and geologists, but at the same time taking full advantage of the PETROBRAS complex' size and bargaining power. In February 1976 the Economic Development Council set up the trading company, which has since been divided into the areas of primary products, manufactures and services. Its original purpose was to buy and sell foodstuffs. But, although at first 70 percent of its transactions involved primary products, INTERBRAS, after 3 years of existence, has established a balance among the three areas.



The company began with an adventure: preparing the design, ordering the manufacture and exporting 4,000 flags for the Popular Movement for the Liberation of Angola (MPLA), as well as boots, weapons and trucks. The order was filled on a rush basis, under pressure of the Angolan civil war and the flags were made by a Rio Grande do Sul firm.

INTERBRAS was also a pioneer, innovating in the grain-selling field. Until 1976 all Brazilian grain was sold FOB [free on board] the Brazilian port to multinational companies. In this way it was never known for certain what the port of destination was. The state trading company began selling C and F [cost and freight], going to the market, the only way of really getting to know it. "Today everyone has or is prepared to have a 'freight table,'" says Sergio Barcellos.

"Some exporters complain that INTERBRAS disrupts their business," rejoins Laerte Setubal Filho of the AEB [Brazilian Exporters Association]. "For instance, they say that it cuts off deals that are already virtually closed, by offering lower prices." Sergio Barcellos does not deny that, in principle, it is possible that "due to the inexperience of the negotiators," INTERBRAS has thwarted some deals, but he maintains that this is now a thing of the past and that it is concentrating on well-defined areas, products and opportunities that do not infringe upon the private exporter.

He also acknowledges that the company has made mistakes, such as a direct export of meat to the Butchers Association of Nigeria which fell through because "we overestimated the purchasing organization's capacity and there was no local organization to receive and distribute the product." The meat was later sold to the Ivory Coast.

But he asserts that the decision to import robusta coffee from Madagascar and El Salvador coffee centers in 1977 in order to make a blend contributed to the nation's proving to the world that there really was a coffee shortage due to the 1975 frosts, something which many consumers doubted. And this had obvious consequences on prices for Brazilian coffee. (Although he had to spend 8 hours testifying personally in Washington before the Commodities Futures Trading Commission--CFTC--and the U.S. consul in Rio de Janeiro made no less than three visits to the company to find out why Brazil had imported coffee. These pressures still continue today.)

"What at first seemed crazy (Brazil buying coffee) was, in fact, a commercial transaction that turned out very well, not only for INTERBRAS," its vice president pointed out, "but especially for the nation, which that year broke its export record in terms of foreign exchange."

#### Barcellos, the Sport of Trading

Former rower for the Flamengo crew "at the time when Buck was still an athlete," Sergio Augusto Barcellos, at 39, has not participated in any sport or taken exercise for 10 years, but retains his enthusiasm and interest for

such esoteric subjects as the lineage of purebred English racing horses and the "expressionistic abstractionism" of U.S. painting during the forties. A member of the National Sports Council for 4 years, he goes to the Jockey Club every Sunday (he owns "Khazar," which has a lame tendon).

Assistant to the president of PETROBRAS at the age of 25--he served under Adhemar de Queiroz, Irnack Carvalho do Amaral, Waldemar Levy Cardoso, Caldal da Fonseca, Ernesto Geisel and Faria Lima--Barcellos began his business career on the JORNAL DO BRASIL copy desk in 1961 and later entered the state enterprise by competitive examination. A director of INTERBRAS since February 1976, he became executive vice president in April of this year.

He is also president of the Brazlumber Co., an INTERBRAS subsidiary (in which the Rio Grande do Sul Isochpe group holds a 50-percent interest) for selling lumber to the United States and is director of the INTERBRAS Cayman Co., a firm created for tax purposes on that small Caribbean island.

#### What INTERBRAS Deals In

- |                               |   |
|-------------------------------|---|
| 1. Soybeans                   | 21. Dry yeast                                 |
| 2. Soybean meal               | 22. Lumber                                    |
| 3. Soybean oil                | 23. Shoes                                     |
| 4. Corn                       | 24. Textiles                                  |
| 5. Wheat                      | 25. Wool "tops"                               |
| 6. Sorghum                    | 26. Thread                                    |
| 7. Cocoa Beans                | 27. Apparel                                   |
| 8. Cocoa butter               | 28. Pharmaceuticals                           |
| 9. Cocoa liquor               | 29. Electrical home appliances                |
| 10. Coffee beans              | 30. Industrial equipment                      |
| 11. Soluble coffee            | 31. Bicycles                                  |
| 12. Sugar                     | 32. Factory machinery                         |
| 13. Rice                      | 33. Automotive vehicles                       |
| 14. Pepper                    | 34. Pig iron                                  |
| 15. Meat (beef and horsemeat) | 35. Metals (tin)                              |
| 16. Corned beef               | 36. Petroleum derivatives (asphalt, paraffin) |
| 17. Frozen chicken            | 37. Petrochemicals (various)                  |
| 18. Sisal fiber               | 38. Acrylic sheets                            |
| 19. Extracts (clove, menthol) | 39. Agricultural supplies                     |
| 20. Frozen fish               |   |

# Business Deals Closed Through July

<u>Description of Business</u>	<u>Country</u>	<u>Supplier</u>	<u>Client</u>	<u>Value</u>
Safwa-Al-Jubayl Highway	Saudi Arabia	BETER	Communications Ministry	\$40 million
Residential centers	Algeria	ECEL	SONATRACH [National Company for the Transport and Marketing of Hydrocarbons]	\$83 million
Sewer system in San Jose	Costa Rica	ETESCO	Costa Rican Aqueduct Institute	\$7 million
Alcohol distillery, etc.	Costa Rica	CODISTIL	CODESA [Development Corporation, Inc.]	\$12 million
Supply bases	Ecuador	PROJETA/TECHINT	CEPE [Ecuadorian State Petroleum Corporation]	\$2 million
Construction of two hotels --Basrah and Bagdad	Iraq	A. Mathias/ESUSA	State Tourism Organization	\$29 million
Brickyard	Nigeria	Bonfanti/PLANAVE	Poco Minerals	\$2 million
Manioc industrialization	Nigeria	D'Andrea/PLANAVE	National Root & Crops Production	\$1 million
Baghdad/Hsaibah-- Al Qaim/Akshat Railway	Iraq	Mendes Jr.	Iraq Republic Railways	\$1.223 billion

TEXT OF NEW LABOR LAW PUBLISHED

Santiago EL MERCURIO in Spanish 3 Jul 79 p C-3

[Text] The following is the text of the decree law regulating union organizations that was sent yesterday to the Official Gazette and that makes up part of the Labor Plan:

Whereas,

1. The political constitution guarantees the right to organize labor unions in compliance with the law and stipulates that union organizations will enjoy juristic person status by merely registering their bylaws;
2. In a genuinely free society intermediate bodies between man and the state perform an extremely important function and have their own specific goals to achieve, and these bodies include labor unions, whose main mission is the responsible defense of the interests of their members;
3. It is fundamental that union organization be unfettered, which implies the right of workers to express themselves as a group in their common field of work through the unions that they establish, with no limitations other than the exceptions that the legal code stipulates because of the clear requirement of the common good;
4. In order for union freedom to exist legal requirements must be established that will guarantee the sobriety of procedures and their subordination to the unions' own goals, as well as the right of workers to freely join or withdraw from the union and the right of the union assembly to express itself on all matters related to its field;
5. True unionism must also be democratic, which implies that the members are free to choose their own leaders, as well as guarantees that the latter will act in accordance with the decisions of the workers who make up the organization and that the resolutions of the assembly are adopted free from any moral or material pressure;

6. In order for a union to pursue its activities, it must have funds, which means that a person freely deciding to join an organization has the obligation to pay dues in the amount and manner freely decided upon by its members;

7. It is also indispensable for a union organization to be autonomous and depoliticized, so that it can devote itself to its own goals and avoid being made a tool of groups or interests outside the organization itself.

The Government Junta of the Republic of Chile has resolved to issue the following decree law:

#### Section I, General Provisions

Article 1. The right of workers in the private sector and in state-owned enterprises, whatever their legal status, to establish, without prior authorization, the union organizations that they deem appropriate, is hereby recognized, the sole condition being compliance with the law and with the bylaws of the organizations.

Article 2. Union organizations have the right to establish or affiliate with federations and confederations and to join international workers organizations in the manner prescribed by law and their respective bylaws.

Article 3. The workers referred to in Article 1 who meet the requirements established by the law and the respective bylaws enjoy the right to organize unions. Minors and married women do not require any authorization to join unions.

Membership in a union is individual and, therefore, cannot be transferred or delegated.

Membership is voluntary. No one can be forced to join a union organization in order to perform a job or pursue an activity, nor can a person be prevented from withdrawing from one.

A worker cannot belong to more than one union at the same time. Likewise, a union cannot be affiliated with more than one federation and one confederation, nor a federation with more than one confederation.

In the event that the provisions of the previous paragraph are violated, the subsequent affiliation shall invalidate any prior one, and if the acts of affiliations should be simultaneous, or if it cannot be determined which was the latest, all of them shall become null and void.

Article 4. A worker's job cannot be conditioned on membership in or withdrawal from a union organization. Similarly, preventing or hampering a worker from joining a union, dismissing or jeopardizing him in any way because of his union membership or participation in union activities are prohibited.

Article 5. Union organizations shall be established and designated as follows, in accordance with the workers who might join:

- a) Enterprise union: one that brings together only workers in a single enterprise;
- b) Inter-enterprise union: one that brings together workers from at least three different enterprises;
- c) Union of independent workers: one that brings together workers who do not depend on any employer;
- d) Construction workers' union: one that brings together workers in that branch of activity. Its particular objective shall be to provide work to its current or future members under conditions agreed upon in advance with the various employers. The agreements reached between these unions and the respective enterprises shall not have the status of an employment contract for any legal purpose, without jeopardizing the individual employment contracts to which they might give rise.

For the purposes of Clause d), construction workers are understood to mean those who customarily pursue activities directly related to the total or partial construction of any immovable material project, whether building or engineering, and who are governed by the Labor Code and its complementary provisions. The circumstance of not being employed does not hinder the right to join a union.

Article 6. The goals of union organizations are:

- 1) To represent the workers in the exercise of the rights stemming from individual employment contracts, when so requested by members;
- 2) To channel concerns and integration needs in relation to the enterprise and their work;
- 3) To see to it that social security or work safety laws are complied with, to report infractions to the appropriate administrative or legal authorities, and to act as a party to the lawsuits and claims that result in the application of fines or other sanctions;
- 4) To lend assistance to members, to promote their comprehensive human interaction and to provide them with recreation;



5) To promote the trade union, technical and general education of their members;

6) To enhance systems of protection against work hazards and to prevent professional illnesses, without infringing on the jurisdiction of the joint arbitration boards, and

7) To establish mutual associations and other services for the benefit of members.

Only enterprise unions shall have the right to bargain collectively.

Article 7. Union organizations cannot pursue objectives other than the ones set forth in the previous article or in their bylaws. In general, they are prohibited from performing acts that would infringe upon the rights guaranteed by the political constitution and the country's laws, especially the rights of individual freedom and the right to work.

Union organizations cannot be profit-making.

## Section II, On the Establishment of Unions

Article 8. Enterprise unions can be established 1 year after activities at the respective enterprise have begun.

Article 9. Each piece of farm property shall be regarded as an enterprise for the purposes of the law.

Article 10. In order to establish an enterprise union, the participation of a minimum of 25 workers representing at least 10 percent of all those performing services in it shall be required.

If the enterprise has more than one establishment, the workers at each one of them can also establish a union. There must be at least 25 workers representing at least 40 percent of the workers in the establishment.

However, 250 or more workers at a single enterprise can form a union, no matter what percentage of the work force they represent.

Moreover, in enterprises with fewer than 25 workers, 8 of them can establish a union as long as they represent more than 50 percent of all its workers.

Article 11. The participation of 75 workers is required in forming an inter-enterprise or construction union.

The participation of 25 workers is required in forming a union of independent workers.



Article 12. Unions shall be established at a workers' assembly that brings together the quorums referred to in Articles 10 and 11, and it must be held in the presence of a certifying magistrate.

At the assembly the union's bylaws shall be approved and its board of directors chosen.

Minutes shall be taken of the assembly, indicating the actions referred to in the preceding paragraph, the list of those in attendance and the first and last names of the members of the board of directors.

Article 13. The union board of directors shall deposit the original incorporation papers of the union and two copies of its bylaws, certified by the labor inspector, at the appropriate Labor Inspectorship within 15 days of the date of the assembly; the inspectorship shall proceed to include them in the union registry to be drawn up for this purpose. The actions referred to in this article shall be tax exempt.

The union shall acquire juristic person status at the time that this deposit is made.

If the deposit is not made within the aforementioned period, a new organizational assembly must then be held.

Article 14. The labor inspector cannot refuse to certify the registration of the original incorporation papers and the copies referred to in the first paragraph of Article 13. He must also authorize with his signature, and thus authenticate, at least three copies of the papers and the bylaws, which, once the deposit has been made, shall then be delivered to the union organization, with the corresponding registry number noted on them as well.

The Labor Inspectorship can, within a period of 90 calendar days from the time that the respective incorporation papers are deposited, challenge the establishment of the union if any requirement for its establishment has not been met or if the bylaws are at variance with the provisions of the law.

The union must correct the faults relating to its establishment or adapt its bylaws to the observations formulated by the Labor Inspectorship within a period of 60 days. If this procedure is not followed, the status of juristic person shall be regarded as annulled by simple operation of law.

Article 15. From the moment that the organizational assembly is held, the members of the union board shall enjoy the privileges referred to in Article 28.

However, these privileges shall lapse if the incorporation papers are not deposited within the period stipulated in Article 13.

Article 16. The union board of directors shall notify the enterprise management in writing of the organizational assembly and the composition of the board on the next working day after it is held.

Similarly, the composition of the board must be made known in the manner and within the period stipulated in the preceding paragraph each time that a union board is elected.

In the case of inter-enterprise unions, the communication referred to in the above paragraphs must be conveyed by certified letter.

### Section III, On the Bylaws

Article 17. The union shall be governed by the law, its regulations and the bylaws that it approves.

The bylaws must, in particular, set forth the requirements for membership and the name and domicile of the union.

The name must make reference to the type of union involved, in addition to a designation that identifies it but that cannot suggest a unique or exclusive nature.

Article 18. Bylaws shall be approved at the union's organizational assembly by an absolute majority of its members in a secret, one person-one vote ballot.

Article 19. The bylaws shall be amended in the presence of a certifying magistrate at a special assembly called to such an end with a lead time of no less than 2 working days. Two copies of the amendment, duly authorized by the magistrate, must be sent to the appropriate inspectorship within a period of 15 days from the date of the assembly.

Amendments to the bylaws shall be passed in accordance with the pertinent provisions of Articles 14, 17 and 18.

### Section IV, On the Board of Directors

Article 20. A union shall be run by a board of directors composed of 3 persons if it has from 25 to 249 members; of 5 persons if the members number from 250 to 999, and of 7 persons if it has 1,000 or more members.

In enterprises with fewer than 25 workers, however, the unions shall be directed by a single member serving as president, who shall have all of

the powers that this law recognizes as belonging to the union board of directors. If incompatibility or disqualification supervenes, he shall be replaced in the manner indicated in the bylaws.

In inter-enterprise unions a worker cannot be elected an officer in more than one enterprise. If there are more officers than enterprises, consideration shall be given to the designation of one for each enterprise, with the freedom to designate the remaining ones.

A change in the number of union members or in the number of enterprise workers shall not increase or decrease the number of sitting officers. However, the latter number must be made to comply with the provisions of the first and second paragraphs at the next election.

Article 21. The requirements to be a union officer are:

1. Must be 21 years of age or older.
2. Must be Chilean. Nevertheless, aliens whose spouses are Chilean and aliens who have resided in the country for more than 5 years can be officers.
3. Must not have been found guilty of or currently be on trial for a felony or misdemeanor.
4. Must know how to read and write.
5. Must not be subject to the disqualifications or incompatibilities set forth in the political constitution or the laws, and
6. In enterprise unions, must have at least 2 continuous years of service in the enterprise. If the enterprise has been in operation less than 2 years, this requirement shall be regarded as met by workers who have been employed there since activities began and, if no such workers exist, by those who have served for at least 1 uninterrupted year in the enterprise.

Article 22. Married women can participate in the administration and leadership of unions without requiring any authorization whatsoever.

Article 23. For the purposes of union board elections all affiliated workers who meet the requirements stipulated by law to be an officer shall be considered candidates.

If a worker who does not meet those requirements is elected, the election of the board must be held again.

Current or supervening disqualification or incompatibility shall be declared by the Labor Department no later than 90 days following the election date or the event that caused it and shall not affect the actions validly taken by the board of directors.

Article 24. The votes that must be taken for elections or that are prompted by censure of the board of directors shall be secret and must be undertaken in the presence of a certifying magistrate. The union involved cannot hold any assembly on the day of the voting, except as provided for in Article 12.

Article 25. The presence of a certifying magistrate shall not be required in the cases set forth in this law when unions established in enterprises with fewer than 25 workers are involved. Nevertheless, a written record of what transpired must be kept, and a copy sent to the Labor Inspectorship, which shall certify said events.

Article 26. All workers who are members of the union at least 90 days in advance of the election date (except as provided for in Article 12) shall have the right to vote for the board of directors.

If three officers are to be elected, each worker shall have a right to two votes; if five are to be elected, each worker shall have three votes, and if seven are to be elected, each worker shall have four votes. Votes shall not be cumulative.

However, each worker shall have the right to one vote in the election of a president in the unions referred to in the second paragraph of Article 20.

Article 27. Officers shall serve for 2 years and can be reelected; this does not, however, override the provisions of Article 31 and the other cases in which they must cease to hold office because of the findings of the competent tribunal in accordance with the law.

The board of directors shall represent the union judicially and extrajudicially, and the provisions of Article 8 of the Code of Civil Procedure shall apply to its president.

Board resolutions must be adopted by an absolute majority of its members.

Article 28. Union officers shall enjoy the privileges established in Article 22 of Decree Law No 2,200, of 1978, from the time of their election until 6 months after they have left their posts, provided that the termination was not caused by censure of the union assembly, by a sanction applied by the competent tribunal and requiring an abandonment of the post or by the closure of the enterprise.

Article 29. Union officers who participate in or incite their members to participate in any of the actions described in Article 15 of Decree Law 2,200, of 1978, shall be sanctioned with removal from their posts and with disqualification from exercising those same functions in any union for a period of 3 years, this being in addition to any other penalties that might apply to them.

Article 30. The board of directors shall elect from among its members a president, a secretary and a treasurer, except as provided for in the second paragraph of Article 20.

Article 31. The worker members of the union have the right to censure their board of directors.

Only those workers who have been members for at least 90 days (except if the union has been in existence for a shorter period) can take part in the censure vote.

The censure shall affect the entire board and must be passed by an absolute majority of all union members with a right to vote, in a secret ballot that shall be verified in the presence of a certifying magistrate, pursuant to a request by at least 20 percent of the members, which shall be given publicity no fewer than 2 working days before it is held.

Article 32. The members of a union who have been affiliated with another union in the same enterprise cannot vote in the first election or vote of censure of the board occurring within 1 year from the time of their new affiliation, except if it has been caused by the worker's transfer to a different establishment.

Article 33. All board of directors elections or censure votes must be undertaken in a single act. The enterprises and organizations whose very nature makes it impossible to follow this procedure shall observe the regulations decided upon by the Labor Department. In any case, the votes shall be counted on a single occasion.

Article 34. Employers must provide the facilities needed to hold the election of the board of directors and the other secret ballotings required by law; this does not, however, imply the shutdown of the enterprise, establishment or work shift.

Article 35. If an officer dies, is unable to serve, resigns or loses his status as an officer for any other reason, he shall be replaced only if there are more than 6 months remaining until the end of his mandate. A replacement shall be designated for the remainder of his term in the manner set forth in the bylaws.

If the number of remaining officers is such that the normal operations of the board are impaired, a fresh election shall be held for the entire board at any time, and those who are chosen shall remain in their posts for a period of 2 years.

Article 36. Employers must grant union officers the leaves of absence that they require in order to perform their functions outside the work place.



The leaves of absence that the employer grants for this purpose cannot exceed 4 hours a week for each officer, which are, however, cumulative within a calendar month.

Nonetheless, the limit indicated in the above paragraphs can be exceeded in the case of summonses served on officers in such capacity by the public authorities, which must be duly verified if the employer so demands. Any such time shall not be considered as part of the 4 hours referred to in the previous paragraph.

The time involved in the leaves of absence granted to officers to perform union functions shall be regarded as time worked for all legal and contractual purposes. Nevertheless, the union shall be responsible for paying the remunerations, benefits and social security taxes that apply to them during the duration of the leave of absence.

The provisions of the above paragraph in relation to the payment of remuneration, social security taxes and other benefits do not override what has been agreed upon in labor union contracts, which in any case can alter the regulation set forth in the second paragraph.

Article 37. Without invalidating the provisions of the previous article, employers can reach a direct agreement with one or more union officers in connection with unpaid leaves of absence for whatever period of time they concur on. In such cases, the duration of the leave of absence shall be regarded as time worked for all legal purposes, and the remunerations and taxes that apply to the employer shall become the responsibility of the union if its board of directors ratifies the agreement. In the case of the unions referred to in the second paragraph of Article 20, the assembly shall ratify the agreement.

#### Section V, On the Assemblies

Article 38. There shall be regular and special general assemblies of members.

Regular assemblies shall be held on the occasions and with the frequency established in the bylaws and shall be called by the president or the secretary or whoever is acting in their stead in accordance with the bylaws.

Article 39. Special assemblies shall take place whenever the needs of the organizations so dictate, and only resolutions related to matters specifically indicated in assembly notices can be approved at them.

Amendments to the bylaws and the dissolution of the organization can be taken up only at special general assemblies.

Special assemblies shall be called by the president, by the board of directors or by at least 10 percent of the members of the union organization.

Article 40. The regular or special meetings of union organizations shall be held at any union headquarters outside of work hours and shall be designed to give members the opportunity to deal with matters relating to the corresponding entity.

For the purposes of this article, a union headquarters shall be understood to mean any area within the enterprise in which the organization customarily meets.

Meetings that are programmed in advance with the employer or his representatives can, however, be held during work hours.

#### Section VI, On Union Net Worth

Article 41. The net worth of the union shall consist of the regular or special dues or contributions that the assembly requires of its members in accordance with the bylaws; of the donations by living persons or the bequests arising from deaths that the union is granted; of income from its goods; of income from the sale of its assets and of the fines collected from members in accordance with the bylaws.

Article 42. Unions can acquire, maintain and dispose of goods of all kinds for any purpose, and even in the event of dissolution they cannot come under the ownership of any of its members.

Article 43. It is the responsibility of the board of directors to administer the goods that make up the net worth of the union, in accordance with the bylaws.

The officers shall be jointly accountable, to the degree of ordinary negligence, for said administration, which does not rule out criminal liability, when pertinent.

Article 44. Unions cannot receive financing of any sort from the enterprise or enterprises to which their members belong.

Officers responsible for receiving such financing shall be removed from their posts and shall also be sanctioned with disqualification from holding union officer positions for a period of 3 years. These sanctions shall be applied by the Labor Court in the union's domicile at the behest of the Labor Inspectorship or any person.

The above does not cancel the union organization's obligation to reimburse the sums that were improperly received. All of the officers involved in the improper receipt shall be jointly responsible for this obligation.



Article 45. Member dues to union organizations shall be obligatory in accordance with the bylaws.

Special dues shall be allocated to finance previously determined projects or activities and shall be approved by an absolute majority of the members in a secret ballot at the assembly.

Article 46. Unions shall freely determine the system of dues collection.

However, employers can deduct from workers' pay only the regular union dues, in the manner and under the conditions established in Article 47.

Union organizations cannot receive the pay of their members.

Article 47. In enterprise unions the employer shall proceed to make the deduction referred to in the previous article, for subsequent payment to the respective union organization, in the following cases:

- a) When an absolute majority of members so resolve in a secret ballot. In this case the resolution shall be binding on all members; or
- b) When a union worker authorizes his employer in writing to make the aforementioned deduction.

In the situations in which an employer is obliged to deduct regular union dues from worker pay, he must deliver the deductions to the unions within 5 days after the deduction is made. Without regard to potential criminal liability, the employers who do not deliver the sum of dues to the respective union organizations within the stipulated period must do so after adjusting them by the percentage that the consumer price index has changed between the month preceding the one in which payment should have been made and the month preceding the one in which it actually is. Amounts owed shall also earn a penal interest of three percent a month over the adjusted sum.

The assembly at which the resolution referred to in Clause a) of the first paragraph is voted on must be called at least 2 working days in advance and must be attended by a certifying magistrate.

Once the resolution is adopted, it shall take effect from the date that the union board so informs the employer and must be accompanied by the assembly minutes, authorized by the certifying magistrate, and the roll of union members.

The assembly must renew, at least every 2 years, the resolution on the regular dues deduction in the manner and under the conditions established in this law for its passage.

In the case referred to in Clause b) of the first paragraph, worker authorization must be renewed at least every 2 years.

In the case of inter-enterprise and construction workers unions, the deduction of regular dues shall be considered proper provided the worker authorizes his employer in writing to make said deduction. This authorization must be renewed at least every 2 years.

These deductions **must** be paid to the respective organizations in accordance with the methods, responsibilities and sanctions stipulated in Paragraph 2.

Article 48. Union funds must be deposited as they are received in a current account opened in its name at a local bank.

The president and the treasurer shall jointly draw against these funds and shall be jointly responsible for complying with the provisions of the preceding paragraph.

Article 49. Unions with 250 or more members must draw up an annual balance sheet, signed by an accountant.

Said balance sheet must be submitted to the assembly for approval, to which end it must be made public in advance in two visible places at the establishment or union headquarters.

A copy of the balance sheet approved by the assembly shall be sent to the Labor Inspectorship.

Unions with fewer than 250 members must keep only an income and expenditures book and an inventory book. They shall not be obliged to draw up a balance sheet nor shall they require the signature of an accountant.

The provisions of the preceding paragraphs do not impede the functions that must be established in the bylaws for the Accounts Review Commission.

Article 50. The union's minutes and accounting books must be kept up to date, and members and the Labor Department shall have access to them. The department shall have the broadest power of inspection, which it can exercise officially or at the request of a party.

If the Labor Department should observe any irregularity in the handling of funds, it can audit pertinent documentation and condition drafts on prior authorization from the respective Labor Inspectorship for a period not to exceed 90 days. If despite the above measure drafts are made without appropriate authorization, the department can order the corresponding current account frozen.

The boards of union organizations must opportunely submit the economic, financial, accounting or net worth background information that the Labor Department requests or that laws and regulations demand. If the board does not comply with the aforementioned demands, the Labor Department must grant it a period of no less than 30 days so that the officers, warned of removal from their posts, can meet the above obligations. If this obligation is not complied with by the stipulated deadline, the officers shall be removed from their posts by simple operation of law and cannot be reelected for 3 years.

Article 51. Union funds can be invested only for the purposes provided for in the bylaws.

#### Section VII, On the Dissolution of Unions

Article 52. Unions shall be dissolved:

- a) By a resolution adopted by an absolute majority of members at an assembly held according to the formalities stipulated in Article 31.
- b) By virtue of one of the grounds for dissolution stipulated in the bylaws.
- c) Because of serious noncompliance with legal or regulatory provisions.
- d) If members have declined to a number lower than that required for establishment over a period of 6 months, unless during that period the bylaws are amended to what they should be for an organization of smaller size, when pertinent.
- e) For having been in recess for a period of more than 1 year.
- f) If the enterprise goes out of business, in the case of enterprise unions.

Article 53. In the event of dissolution, the union's net worth shall allocated for the purpose stipulated in the bylaws. In the absence of express instructions, the president of the republic shall determine its use, which in any case must benefit a juristic person engaged in a non-profit making activity; the attempt shall be made to have the goods benefit to the extent possible the workers or inhabitants of the town, community, province or region in which the union was domiciled.

The dissolution of the union does not affect the obligations and rights arising from a labor union contract and applying to its members.

Article 54. The dissolution of the union can be requested by the Labor Department, by any union member, by an employer or by any interested party.

Article 55. A union must be declared dissolved by a magistrate of the Labor Court or the Court of Appeals, as appropriate, in the jurisdiction in which the union is domiciled.

The magistrate shall hear the case in an unappealable action, on a non-trial basis, with the antecedents submitted by the petitioner in his presentment and with testimony from the union board, if it is not in default, and must deliver a ruling within 15 working days from the time that the president of the union or his legal replacement has been notified.

The president of the union shall be notified via official document, with a complete copy of the presentment delivered to the domicile that he has registered with the Labor Inspectorship.

The ruling declaring the union dissolved must be communicated by the magistrate to the respective Labor Inspectorship, which must proceed to strike it from the corresponding registry.

Article 56. The judicial resolution establishing the dissolution of a union shall designate one or more receivers, if they are not mentioned in the bylaws or if the bylaws do not specify how they are to be designated, or if this specification would have gone uncomplished with.

If a dissolution should take place without the intervention of the courts, the powers mentioned in the previous paragraph shall fall to the labor director, under the same conditions.

The union shall be regarded as in existence for the purposes of its liquidation.

This condition shall be indicated in every document proceeding from a union in liquidation.

#### Section VIII, On Federations and Confederations

Article 57. A federation consists of a grouping of more than 3 but fewer than 20 unions organized in accordance with this law for the purpose of collaborating in the activities pursued by the rank-and-file associations, especially through: a) the technical assistance required to achieve their goals; b) promotion of the trade union and general education of the workers, and c) pursuing mutual and worker benefit objectives.

Article 58. A confederation consists of a grouping of 20 or more unions or federations organized in accordance with the law for the purposes mentioned in the previous article.

Article 59. Federations and confederations can in no instance take part in collective bargaining or sign a collective labor document.

Article 60. The participation of a union in the establishment of a federation or confederation and affiliation with or disaffiliation from it must be agreed upon by an absolute majority of its members in a secret ballot.

Prior to a decision by the affiliated workers, the union board of directors must inform them as to the content of the bylaws of the higher level organization to which affiliation is proposed and as to the sums that the union must pay to it.

The board of directors must give at least 2 working days advance notice in calling members to the vote, which shall be held in the presence of a certifying magistrate.

Article 61. The unions can contribute to the federations and confederations the dues that the latter's bylaws stipulate.

Resolutions by federations and confederations to increase the dues that affiliated unions must pay shall take effect for each union after the respective rank-and-file assemblies approve them.

Article 62. The participation of a federation in the establishment of a confederation and affiliation with or withdrawal from it must be agreed upon by a majority of the rank-and-file unions, which shall express their decisions in accordance with Article 60.

Article 63. A union's affiliation with a federation or confederation must be renewed by its assembly every 2 years; otherwise, it shall be considered disaffiliated by simple operation of law.

Article 64. Federations and confederations shall also be subject to Articles 12, 13, 14, 17, 18, 19, 21, 22, 24, 27, 29, 31, 33, 35, 38, 39, 40, 41, 42, 43, 44, 45, 48, 50, 51, 52, 53, 54, 55 and 56.

The assemblies of federations and confederations shall be made up of the leaders of the affiliated organizations.

Article 65. The number of officers of federations and confederations and the functions of the respective posts shall be stipulated in the bylaws.

Article 66. In order to be elected an officer of a federation or confederation a person must hold an officer's post in one of the affiliated organizations.

The bylaws shall determine whether the functions of organizational officer are compatible or not with the functions of an officer in the affiliated



association. In the event of incompatibility, the affected party must opt for one of the posts, and the corresponding federation or confederation shall pay, as appropriate, the salary of the officer and the social security contributions that would have been the responsibility of the employer.

If on account of said incompatibility the officer of a federation or confederation loses his status as officer of a rank-and-file union, he can, nevertheless, run for reelection indefinitely in the respective federation or confederation, as the case may be.

Article 67. The officers of federations and confederations shall enjoy their privileges when in possession of the post of officer in the affiliated union, as well as leaves of absence in the manner indicated in Article 36, but increased to 6 hours a week.

In the event of incompatibility as referred to in the above second paragraph, if the affected party chooses the post of officer in a federation or confederation, he must release himself from his obligation to render services to his employer for the entire duration of his mandate plus 1 month, while keeping his job but without receiving remuneration for it.

The use of the privilege indicated in the preceding paragraph shall not interrupt the worker's time of service for all legal purposes.

The obligation to maintain the job shall be regarded as met if the employer assigns the worker another post of equal rank and pay to the previous one.

Article 68. Once a year federations and confederations must draw up a general balance sheet, signed by an accountant, which must be submitted to the assembly for approval and, once approved, sent to the respective Labor Inspectorship.

The provisions of the previous paragraph do not conflict with the functions of the Accounts Review Commission that the bylaws must provide for.

The above notwithstanding, the Labor Department can require an annual outside audit charged to the respective federation or confederation.

#### Section IX, On the Supervision of Union Organizations and Sanctions

Article 69. Unions, federations and confederations shall be subject to the supervision of the Labor Department and must provide it with the information that it requests from them.

Article 70. Infractions of this law that do not carry a specific sanction shall be penalized by a fine accruing to the government of from 4 to 10 monthly minimum wages, which shall be doubled in the event that the infraction is committed again within a period not exceeding 6 months.

This fine shall be imposed by the Labor Department and can be challenged before the Labor Courts in accordance with the procedure stipulated in Law No 14,972.

The officers shall be personally responsible for paying or reimbursing the fines arising from infractions that they might commit.

Article 71. Union organizations must keep a registry of members and send an updated list of them every year to the respective Labor Inspectorship between 1 March and 15 April.

#### Section X, Miscellaneous Provisions

Article 72. In inter-enterprise unions members can maintain their affiliation up to 6 months after they have ceased to render services.

Construction workers can establish construction unions and join and maintain membership in them even though they are not rendering services.

Article 73. The regulations of this law shall not apply to maritime and port workers, nor to their organizations, which shall continue to be governed by the legal provisions that currently apply to them, and therefore the revocations contained in Article 75 do not govern them, where pertinent.

Article 74. This law shall not apply to officials in the centralized and decentralized state administration, except workers in state-owned enterprises. Nor shall it govern officials in the Judiciary, the National Congress and the state-owned enterprises that are branches of the Defense Ministry or that are connected with the government through said ministry.

Article 75. All legal or regulatory provisions contrary to or incompatible with the provisions of this law are hereby revoked, particularly the Third Book of the Labor Code, Law No 16,625, and Decree Laws Nos 198, of 1973; 2,086, of 1977; 2,376, of 1978, and 2,545, of 1979.

Article 76. For the purposes of this law and barring an express ruling to the contrary, notaries public and public officials so designated by the Labor Department can also serve as certifying magistrates.

#### Temporary Articles

Article 1. Despite the ban stipulated in this law, unions, organizations or associations of workers can continue to receive financing from the enterprise or enterprises to which their members belong if said contributions were pledged in collective documents still in effect, up to the date of their expiration.



Article 2. The union organizations whose legal status is currently pending must abide by the provisions of this law.

Unions currently in operation, whatever their designation, shall maintain their legal status but must adapt their bylaws to the provisions of this law within a period of 1 year from the date that it takes effect. In the interim, the provisions of this law shall take precedence over the bylaws when the latter are at variance with them. If the bylaws are not reconciled within the stipulated term, the legal status of the unions shall lapse by simple operation of the law.

Article 3. Existing union organizations that have not held fresh elections for their boards of directors in accordance with the provisions of Decree Law No 2,376, of 1976, can do so only after 90 days have passed from the signing of the first labor union contract or from the ruling by the court of arbitration, as the case may be, subsequent to the effective date of this law.

Existing unions comprised of workers in a single enterprise who do not bargain collectively can elect their boards of directors only after 90 days have passed from the date that they would have bargained under the corresponding law.

Existing unions comprising workers from more than one enterprise can hold fresh elections for their boards no sooner than 90 days from the publication of this law.

Vacancies produced for any reason before the dates indicated in the above paragraphs shall be filled by the worker members of the respective organizations with the longest time of service in the respective enterprise or enterprises, as the case may be.

In the case of federations and confederations, the vacancies shall be filled by the leaders of the affiliated organizations with the longest time of service as workers in the enterprise or enterprises, as the case may be.

In the event of doubts as to the time of service of the workers referred to in the two preceding paragraphs, the appropriate Labor Inspectorship shall decide.

If there are several workers or leaders, as the case may be, who have equal time of service, they shall be selected according to the alphabetical order of their last names.

If on account of special circumstances the provisions of Paragraphs 4 to 7 cannot be applied, the vacancies shall be filled by the Ministry of Labor and Social Welfare, which shall issue the corresponding resolution.

Once the board of directors has been set up, it must again be organized, and those who shall occupy the posts of president, secretary, treasurer and other appropriate positions chosen from among its members; all of this must be reported to the respective labor inspector and to the head of the enterprise or enterprises within a period of 10 days.

Article 4. The union officers elected pursuant to Decree Law 2376, of 1978, shall remain in their posts for the period stipulated in said legal instrument, except as provided for in Article 31. (Editor's note: this refers to censure, which can only become effective 90 days after the signing of the union contract)

Article 5. The union officers elected before the publication of this law shall enjoy privileges in accordance with the terms established in the legal provisions that apply to them.

Article 6. The existing boards of directors of unions shall not undergo any change in the number of their officers, regardless of the number of union members, until the next board election.

Article 7. The current boards of directors of federations and confederations shall remain in their posts for a period of 1 year from the effective date of this law.

After the bylaws of the organizations referred to in the provisions of this law are properly reconciled, new board elections shall be authorized by resolution of the Ministry of Labor and Social Welfare within the period stipulated in the previous paragraph.

In the event that the organizations mentioned in the first paragraph do not comply with the provisions of this law within the stipulated time period, their legal status shall lapse by simple operation of law.

Article 8. The union organizations whose legal status is in the process of being revoked on the date that this law is published shall, for these purposes, continue to be governed by the legal provisions applicable at the time that the corresponding procedures were begun.

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## EMIGRE MOVEMENT ACTIVITIES UPDATED

## Antonio Maceo Unit From Spain

Havana JUVENTUD REBELDE in Spanish 11 Jul 79 p 1

[Article by Eduardo Vergara]

[Text] Very early this morning the first group of the second contingent of the Antonio Maceo Brigade, which bears the name of Carlos Muniz Varela, arrived in Cuba. Nine young men and three young women from Spain make up this unit, which will work on building the textile town of Ariguanabo starting next Monday.

For Mariela del Riego, the first to set foot on Cuban territory, this visit is the realization of a dream of 18 years. "I have been thinking of returning all this time. I was 14 when I left. All this time I have been in Spain; I got married there, and I have a little 2-year-old boy, and I hope to pass on to him the feelings about Cuba that my parents passed on to me."

She works at a company that sells milking machines. "I think this trip is a fundamental stage in my life. I have worked hard for this reunion, because I have not been able to work in this process."

Satcha Sotolongo was impressed by how green everything looked from the plane. "I still can't believe I'm here. When the plane started to come down I felt a lump in my throat. . ."

Manuel Alcover, who left at the age of one year, is now a journalism student. He left in 1960, but he boasts that "I have kept my Cuban nationality all my life. For me, returning to Cuba was one of those unattainable goals, a dream."

Jose Antonio Hernandez Frias comes to the front of the group. "Of the 12 of us, four are from Barcelona, one from Salamanca, two from the Canary Islands and the rest from Madrid; the group from Spain totals 14, making 22 in all [as printed]. The trip was very good. I think our comrades are very interested. This group contains young people who left Cuba between the ages of one and 15. It is a heterogeneous group; the youths have different political beliefs, but they are all very much interested in what is now going on in Cuba."

The group that arrived today includes Jose Antonio Hernandez Frias, Jacobo Machover, Cristina Barandiaran, Ronny Madruga, Sacha Sotolongo, Jorge Carlos Garcia Robaina, Jorge Luis Portal, Javier Aspirri, Manuel Alcover, Mariela del Riego, Jose Ramon Sampau and Ferran Balsan. All were given a farewell cocktail party in Spain by Cuban Ambassador Carlos Alfaro, who wished them a pleasant trip to our country.

#### Papal Intervention Sought

Havana GRANMA in Spanish 11 Jul 79 p 2

[Article by Roger Ricardo Luis]

[Text] Dr Rosendo Canto, member of the Committee of 75 and president of the Casa de Cuba in Madrid, Spain, revealed yesterday in this city that soon he will journey to the Vatican, on his own, to ask the Pope to intervene so that the United States will put an end to what he called the "brutal and absurd blockade against the people of our country."

The representative of the Cuban community in Spain stated that he believes papal intervention in this conflict could be of enormous importance, and expressed confidence that the Catholic Church would take a favorable attitude towards the Cuban people.

He pointed out that during his stay at the Vatican he will be received by the secretary of state of the Holy See, and that it has all been made possible as a result of 5 months' work on his part. His efforts were interrupted by an attack against him in Madrid.

He indicated that the good offices of the Pope with regard to the United States Government will have repercussions throughout the 57 million American Catholics and among the cardinals in Chicago, New York and Washington.

Later Rosendo Canto said: "I am sure that if the Pope mediates in this case, the United States will not be able to resist the prestige of the Church, because that country lacks prestige itself."

Canto also reported to the press that the Casa de Cuba in Madrid had decided to sponsor the Frank Pais Orthopedic Hospital. The organization will send modest aid in terms of medicine, crutches, wheelchairs and other essentials to this charity institution, within the limits of its abilities. He called this "a spiritual way of breaking the blockade," and called on other Cuban communities abroad to undertake this humane act and express their solidarity with other Cuban hospitals.

In his talk with national and foreign journalists, Rosendo Canto stated that the Spanish embassy here had discussed with him the possibility of 40 prisoners going from this country to Spain. They are on the list drawn up by the Cuban Government in compliance with the agreements of the Dialog with the representatives of the Cuban Exile Community.

Finally, Canto expressed his gratitude to Dr Alvarez Canbras, director of Frank Pais Hospital, and to all his staff, for what he termed the "unusual efficiency and hard-to-attain professional quality." He spent more than a month there recovering from the wounds he received in the attack on him.

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FORMER U.S. COUNSELOR'S HOME NOW ANTI-IMPERIALIST MUSEUM

Havana VERDE OLIVO in Spanish 15 Jul 79 pp 42-43

[Article by Silvia Marquez]

[Text] Cuba has its first Anti-Imperialist Museum. Where? In the place where thousands of youths are trained and work: The Isle of Youth. It is housed in the former home of the honorary consul and secretary of the chamber of commerce on the island formerly known as the Isle of Pines.

The bungalow was built in Nueva Gerona in 1912 in the typical American style of the time, and was inhabited by Adolph Kelm until after the triumph of the Revolution. In 1978 the residence was opened to the public as a museum.

The rooms of the cultural facility represent three stages in Cuban history with reference to Yankee intervention since 1898, the absorption of the country's wealth and the resistance by the people to the designs of our powerful neighbor.

The first room has an exhibit of testimonials to the refusal to bow down to American intervention. There the ideas expressed by patriots such as Jose Marti, Antonio Maceo and Calixto Garcia, all exponents of the national anti-imperialist attitude, can be read.

In the second and main room are exhibits covering the years of the Mediatized Republic and the era known as "The American Invasion." At that time they tried to make the "natives," as they insultingly referred to the residents of the island, feel like aliens in their own land.

Original photographs and reproductions of historic documents corroborate the process of establishing large latifundios on the island. They show how hotels and country homes built in the American style sprang up in the area of Gerona, with broad avenues and new facilities capable of satisfying the tastes and whims of the foreign bourgeoisie.

The introduction of these buildings in this part of Cuba during the first years of the Republic was justified by the terms of the Treaty of Paris,



which ended the War of '95 without defining the political status of this territory, included among "the other islands."

Although the Americans never made up the majority of the island's population, their economic and political clout was a major factor. In the few primary schools that existed classes were taught in English; American currency was used, and only about two percent of arable land was in the hands of local residents.

For this reason the bulk of the land cultivated at that time was devoted to grapefruit, which was in great demand in England and the United States. They also grew cucumbers, melons, pineapple and all types of vegetables.

The third and final room shows the events that took place after the ratification of the Hay-Quesada Treaty, which recognized the Isle of Pines as part of Cuba. This recognition was the result of the struggle of many Cubans, among them Julio Antonio Mella. There are also exhibits showing later attempts by imperialists to take over the island, and, in the 1950s, to turn it into a tourist center.

One of the most interesting sections of this room shows how the tyrant Batista declared the Isle of Pines a free and special zone. It shows the rise of tourism as a form of prostitution; it shows drugs, smuggling and the construction of luxury hotels. An example is the purchase of the entire southern coast and most of the beaches of the so-called Treasure Island by American multimillionaire Arthur Vining Davis.

The final exhibit in this study of Yankee intervention consists of documentation of a visit by Commander in Chief Fidel Castro in June of 1959. When he came to the island, the people demonstrated in order to demand that the government eliminate the free zone, a long-standing dream of the local folk.

The Anti-Imperialist Museum finishes up the show with reproductions of newspaper accounts of the declaration of the Revolution's socialist nature. Today, as a culmination of that history, the small island to the south of Havana is full of schools, and nearly 30,000 youths study intermediate education there. Its soil will never again yield riches for voracious imperialists.

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LATIN AMERICAN HUMAN RIGHTS ORGANIZATION 'HABEAS' DISCUSSED

Havana BOHEMIA in Spanish 13 Jul 79 p 63

[Text] In order to build world solidarity with more strength and efficiency in terms of political prisoners, missing persons and exiles in Latin America and the Caribbean, Garcia Marquez last December launched an organization called Habeas, Foundation for Human Rights in the Americas. It will be under his leadership, and will be funded by his book royalties.

Thus, a sort of call to arms was issued, signed by prominent people in the politics and culture of our countries, among them Rodrigo Carazo, president of Costa Rica; Panamanian President Aristides Royo; Michael Manley, Prime Minister of Jamaica; Juan Bosch, former president of the Dominican Republic, and others.

The name Habeas comes from the term "Habeas Corpus," which means the right of every citizen who is arrested or imprisoned to have a speedy and public trial before a judge or court to determine if his arrest was legal or not. This definition comes from the dictionary of the Spanish Real Academia.

Garcia Marquez says that "more than just complaining about bad situations, Habeas will try to effectively liberate prisoners; more than just exposing the executioners, it will try as much as possible to clear up the fate of missing persons and to pave the way for exiles to return to their countries."

This agency is based in Mexico, and hopes to have representatives in each of the countries of Latin America and the Caribbean.

According to Habeas' stated purposes, it will maintain close organic and informational ties with other institutions designed to defend human rights, without tying its actions to any of them. Its actions are independent; only Habeas is responsible for them.

In its first document, it states that no honorable person can remain indifferent to the fact that every moment, in his own country or in any other part of the continent, a man or woman is being dragged into the infernal abyss of tortures, and the fact that there are patriots who are languishing behind

the bars of tyranny, that families suffer the anguish of searching in vain for their loved ones, a son, a father or a brother who is missing.

The Latin American writer had lost count of the messages of protest, solidarity and condemnation he had signed, until one day he asked himself if it was to assuage his conscience, or if it was having a real impact on political prisoners. Thus, he got the idea of establishing "a more pragmatic organization that would try directly to be effective by means of new, original methods that might be more subtle. All this," he admits, "presupposes a longer and more silent effort to effectively free the prisoners, find the missing persons and bring the exiles back home."

In its short 6-month history, Habeas has undertaken a systematic effort to meet its goals.

In March, for example, it began "Operation Return of Chilean Exiles." "We decided to do it like this," says Garcia Marquez, "for very basic reasons: it is consistent with habeas' humanitarian goals and people inside Chile asked us to do it, through the Church, the Committee for Return and other organizations. We were also asked by the Chilean exile community through their most representative organizations."

There are certain conditions for this massive return, such as security and individual guarantees so that the people going back will not be discriminated against in terms of their right to work and support themselves.

On 16 May, Garcia Marquez sent two documents to the Executive Board of UNICEF in the name of Habeas.

The first refers to the fate of children born of women who had been arrested and had disappeared in Argentine jails. The text alleges that of the thousands arrested by the repressive forces of that country, only 19 mothers gave birth to normal babies in prison, and to date there has been no word about what happened to them or their children.

The second document refers to the general situation of Uruguayan children under the current political conditions of that country. It shows that there is not a single principle of the Declaration of the Rights of Children passed by the United Nations in 1959 that has not been broken by the Uruguayan Government.

In a letter accompanying the two documents, Garcia Marquez says that on 3 March Habeas had sent an urgent communication to the executive director of UNICEF, Henry R. Labouisse, requesting that he ask the Argentine authorities for an explanation, but that there had been no response so far.

Aside from these two examples, Habeas has made many efforts in defense of human rights in Latin America and the Caribbean.

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## REPORTAGE ON CURRENT ECONOMIC DEVELOPMENTS

## Offshore Oil Exploration

Havana JUVENTUD REBELDE in Spanish 5 Jul 79 p 2

[Text] The sun is at the zenith, and the bow of the "Mojarra" cuts through the water which merges not far from the stern, where the vortex made by the propeller leaves a foamy path behind the ship, which is traveling at a rate of 8 knots per hour.

Standing out on the horizon is the imaginary straight line drawn by the light vessels: the hydrographic ship, the cable sinker, the seismic ship and the blaster. The latter moves constantly along the "firing line." Today they are close to the keys, but they may go farther down, along northern Pinar del Rio.

The work began at dawn; when the first rays of the sun were reflected on the sea, these members of the GF-17 Brigade were already 8 kilometers from the coast. The expedition left earlier, because it was the 20th day, and that meant that they would all end up with the required 10 days' off.

The vessels are small and the waves buffet them about, which is one of the inconveniences of this complicated job. The seaman meets his obligations, and the skipper is attentive to his mission; while the technicians and aides move from one side to the other, making corrections and operating the equipment....

## Aboard the "Mojarra"

At a narrow command station on the "Mojarra" there is radio equipment which, when it operates in the form of radiotelegraphy, also serves as a "moment signal," and detonates the heavy seismic blasting charge which is capable of raising columns of water up to 25 meters high.

Fractions of a second elapsed and the desired effect was achieved: We witnessed the artificial accomplishment of a microseism, dozens of which are produced daily by this brigade, performing a very odd and little known job.

## Why an Earthquake?

You may ask this question, friendly reader, but so did we and, after an interesting chat (which was rather complicated because of its scientific and technical terminology), we managed to decipher the meaning of this task that is being performed daily by 50 men, some directly and others assisting them.

Romel Ojeda, an interpreter-engineer for the Navy Geophysical Brigade, commonly known as GF-17, of the National Geophysical Enterprise, told us why these artificial earthquakes are being created: to seek evidence of potential petroliferous structures and to determine their location.

The blast releases the excitation energy, which is propagated in an elastic medium until it reaches reflection fronts where, when it has been reflected the expansive wave returns to the surface and is picked up by the seismic receivers.

With the aid of the oscillographs, or seismic receivers, the mechanical energy from vibration of the subsoil is converted into electrical energy, which is increased with amplifiers to be recorded on magnetic tape and later reproduced on oscillographic paper, obtaining a seismogram as a final result.

Following other complicated procedures, the brigade does the preliminary desk work, which is then taken for interpretation by the enterprise's computer center.

The results from the use of the geophysical material will be the preparation of a structural map, which will make it possible to show the geological structures and to determine whether or not they are suitable for the accumulation of petroleum.

## What Precedes the Earthquake

Everyone calls this a "seismic" brigade because (as we observed previously) it had to cause the small earthquake, which is not so easy and for which the following is necessary:

A hydrographic vessel to trace the profiles which are received from the electromagnetic waves which are given off with a radiogeodesic system; another ship which sinks or extends the cable which is 1,200 meters long, with its heavy recorders, over the ocean floor. Later, there is the coordinated effort of the blasting committee, aboard another ship, and of the seismic committee, which will make all the recordings from another vessel.

Indeed, because petroleum is not easy to find, in addition to the onshore research, the technicians have to go to sea and "fish" for petroleum.

Here in Santa Lucia the work began about 7 months ago, and it may last for another 3 months. It is called geophysical research and prospecting Project

494, which covers an extensive strip of northern Pinar del Río, where an investigation is being made of the depths of the shallow water on the marine platform, in areas which range from the shore to 15 kilometers off the coast, and at depths of from 6 to 7 meters.

It is no coincidence that this area was selected. The northern coast of Pinar del Río shows geological features that are typical of gas and oil bearing regions.

#### Obstacles and New Techniques

All this work is extremely complex, and it also requires suffering the onslaughts of adverse weather conditions which, at times, impede the execution of the plan.

Added to this are other difficulties, such as the small size of the ships which, with their swaying, limit the effectiveness of the work, and the damage caused to the cable and its receivers by the rock and coral formations on the ocean floor.

Thus far, these earthquake makers have been using high-powered explosives; but tests are now being made with other methods which will accrue identical scientific and technical results with the advantage that they will eliminate the damage from the explosions to the marine flora and fauna.

A new technique, consisting of the use of a pneumatic energy source as an exciting material, which will not kill fish, is being tested at present; in addition to the fact that there are prospects for doing experimental work with floating draglines and piezoelectric receivers, which will cause an increase in productivity and will preclude breakage from the sharp substances at the bottom of the sea.

#### And Despite the Difficulties...

These men love their work so much that, despite the difficulties, they are fulfilling and over-fulfilling their plans, as we observed, during the first quarter of this year, when they attained 104 percent in gross production, 109 in physical units and 104 in experimental work, with an individual productivity of 118 percent.

It has been a hot day; the May sun has been shining brightly. The ships return to port, and the tanned faces look happy, because they will be returning home today: some to Havana, and the majority to Caibarien, which is their home town.



## Illegal Electric Power Hookups

Havana JUVENTUD REBELDE in Spanish 6 Jul 79 p 3

[Text] Letter to Fidel From the Workers of the Electric Power Industry

"Havana, 5 July 1979, 20th Year of Victory.

"Dear Commander-in-Chief,

"President of the Council of State:

"During the last session of the National Assembly, a critical analysis was made of matters relating to the service of the electric power industry; and an intensive debate was held on the detrimental situation that has been created in all respects by allowing the abnormal electrical service known as 'drop lines' [illegal power lines to houses].

"The plan for 1979 calls for normalization of 50,000 of these services, and the necessary material resources were allocated for this purpose.

"Now then, after collecting the critical remarks from the last Assembly, and inspired by the example that you have always given us of how problems should be confronted, we workers from the electric power industry, combined in our national union, together with the provincial and municipal organs of the People's Government, and with the indispensable support of the Central Planning Board, the Ministry of the Iron and Steel Machinery Industry, the State Committee for Material and Technical Supply, the National Institute of Forestry Development and Exploitation, and the Ministry of Construction Materials Industry, intend to complete the plan for this year by 26 July.

"Having converted this task of eliminating 'drop lines' into a task for everyone, each monthly goal that has been set has been over-fulfilled; and this is why we can report, with the satisfaction resulting from having simply met our obligation, that today, 5 July, the plan for normalizing the 50,000 services has been completed, and we are certain that the elimination of the 'drop lines' will be possible by 1980 (excluding those which exist in the sugar mill workers' housing compounds, which will be the subject of a subsequent study). We shall continue to work on behalf of this goal.

"The stringent inspection by everyone to insure that no new instances occur should be increased each day.

"With revolutionary sentiments,

"Workers of the electric power industry."

## Economic Management Progress Report

Havana BOHEMIA in Spanish 6 Ju ` pp 32-37

[Text] In this BOHEMIA roundtable discussion, you will be able to find the fundamental questions and answers relating to this decisive effort on which the development of our economic efficiency depends so heavily.

The National Plenary Checkup on the Implementation of the Economic Management and Planning System came to a close recently. The checkup process, which originated in a resolution of the Politburo of the PCC [Communist Party of Cuba], in September of last year, was headed and organized by the National Implementation Committee. In coordination with the other agencies of the Central State Administrations and the SDPE [Economic Management and Planning System] Provincial Implementation Committees.

The purpose of this roundtable discussion, although it is addressed to all the workers and readers of our publication, is to provide an analytical report on the fundamental aspects dealt with in the checkup process. Hence it is of particular concern to the heads of enterprises, administrators, leaders of the labor union movement and all those working in the various SDPE subsystems: accounting, statistics, finance, prices, economic contracts, scientific organization of work, etc.

[Question] How can the overall results of the implementation of the SDPE be rated as positive, despite the many serious flaws that have been detected in the checkup process?

[Gilberto Díaz] In the first place, I would like to say that the question does not seem to me to be completely fair. I would not describe the flaws that were detected during the checkup process as many or serious.

We can evaluate the course of action that has been taken in the process of implementing the SDPE as positive, because during the period that has elapsed, many of the recommendations and agreements made during the First Party Congress were carried out.

Let me recall some of these agreements. The enterprise system, which constitutes the basic nucleus for the operation of our socialist economy, was created, and the enterprises which have been established have gradually been incorporated into the economic computer system, as planned. A new methodology of planning was devised and is being applied, which includes new categories and indicators, such as finance, science and technology, etc., and which takes into account all the complexities involved in the establishment of mercantile relations in our economy. The entire banking system was reorganized, including the establishment of relations for charges and payments in the state sector, and the creation of a credit system, although this represents only a partial aspect of that reorganization; because the bank's functions have been drastically changed. It has become an active element in the

control of the peso, investments and wages; in other words, in economic efficiency. The budget system was instituted, which is also beginning to play a role in lending security to and controlling the state revenue and outlays of the nation, the provinces and the municipalities. The national accounting and statistical systems have also been created and are being implemented. This is only part of all that has been accomplished, because it would be impossible to give a detailed list of each of the agreements and recommendations that have been carried out, because of its length.

There has been quantitative progress, and now the battle is on behalf of quality. Naturally, there are problems; but we cannot agree with the adjective "serious" attached to them. In the planning area, there have been some difficulties with certain indicators which were not well defined and which require certain corrections; and there have also been shortcomings in such respects as the deadlines for completion of certain models, which have been very tight or short. The establishment of the price system was cited in the very timetable that was approved by the First Congress as the critical aspect in preparing the SDPE; and we cannot claim that there are serious flaws. This is an extremely complicated job, and we consider it positive on the whole, taking into consideration what existed previously in the area of prices. Another recommendation from the First Congress relates to the preparation and application of standards for inventory, material consumption and work expenditures, as well as the establishment of the standards for the rotating funds. I think that we can point to inadequacies there, because it is one of the critical points wherein we have made the least progress. The adjective "serious" may perhaps be appropriate here. There are also inadequacies in the scientific organization of work; we have been lagging. There are inadequacies in the formation of cadres: under-utilization of schools, etc.; but it is also a fact that many cadres have attended them, which has helped to instill a new economic awareness in them. There are also inadequacies with regard to the legislation required by the SDPE; but I don't think that they can be described as serious.

In short, I think that the course of action that has been taken is positive, and that there are not many serious shortcomings; we are, rather, immersed in a process of implementing the SDPE, and the checkup represents a stopping point that will help us to detect the problems and to find ways of solving them.

[Felino Quesada] The image of serious flaws detected during the checkup may come from its orientation itself; because it was aimed not at showing the progress and the positive aspects, but rather at detecting the problems emanating from the implementation of the SDPE. Furthermore, it was very demanding. For example, a certain number of enterprises seen not to have updated their accounts; but the fact is that it was stipulated that, if a record was in arrears, the accounts were considered not to be updated.

[Jose Acosta] The very application of the system has brought to light problems that existed previously, although they were concealed, because there were no mechanisms for detecting them. Now we are saying that we have problems with prices, which have hampered the calculation of economic efficiency.

The situation was really serious 2 years ago, because we were not taking economic efficiency into consideration, or we had a false concept of it. The same thing might be said about the financial standards, but the fact is that no mercantile relations existed previously, and hence those latent problems were not discovered.

The SDPE has afforded us an opportunity, during this first phase, to discover the difficulties and inadequacies, and it has thereby helped us considerably to win half of this "fight" in advance, because we cannot solve problems with which we are not familiar.

[Jose Rualado] Basically, the mechanisms of the system have been prepared and applied in the length of time called for in the work timetable approved at the First Congress. However, there have been some problems relating to achieving compatibility among the subsystems. We should point out that some of them, such as prices, have direct, multiple repercussions on virtually all of them. The same thing may be said of the accounting system.

[Question] In the checkup process, many violations of state-economic discipline were discovered. We would like to know: are any penalties applicable to these violations? If they are, why aren't they being applied, and if they persist, could they jeopardize the implementation of the SDPE?

[Jose Areata] Actually, a considerable number of violations of state-economic discipline were discovered in the checkup. I don't know whether the adjective "many" is appropriate. Some of those violations took place in the area of the operation of enterprises under conditions whereby mercantile relations were established when they were in operation only 2 years. Let us note a few examples of those violations.

The problem of charges and payments was one of the most discussed during the checkup process and by the committee. There are enterprises concerned with charges, which issue the orders for charging, but which do not have the same interest about sending the pertinent bills to the enterprises involved in the transaction, thereby upsetting the relationship between charges and payments. Another breach of discipline has been evident in the compliance of the enterprises and agencies with the dates for completion of certain models and reports associated with the phase of devising the plan and the budget, although it should be explained that some deadlines for delivery have been rather short.

As for the penalties, we should point out that, at the present time, no legislation has been passed calling for them. The delay in the creation of the arbitrative organs has had an effect on this; because the Arbitration Commissions are precisely the most important element in seeing to compliance with state-economic discipline. Yet the administrative headquarters have not made proper use of their authority to detect serious violations on the part of heads of enterprises and chiefs of budgeted units. This shortcoming is directly related to the low degree of control which the agencies still have over the enterprises.

In spite of the foregoing statements, I think that compliance with the discipline associated with dates of delivery of the accounting and statistical models has been satisfactory, and that from now on we must wage a battle to improve the quality of the primary records.

[Francisco Almagro] As a result of the plenary session, several committees cited the need to devise the pertinent legislation to establish certain measures to penalize those who violate economic and financial discipline. This already exists in other socialist countries. Such economic penalties could be aimed directly at public servants who fail to comply; and, in other instances, they could affect the enterprise as a whole. This does not involve merely complying on time, but also with quality. Sometimes, a report is delivered within the established time period for delivery, but after it has been sent, the poor quality of the work entails making adjustments which on occasion amount to 10 or 15 percent of the amount originally recorded in the model; all of which breaks the historical series, and initiates other difficulties. I am in full agreement with the statement made by Acosta regarding the urgent need to enhance the quality of the information and of the primary records.

[Felino Quesada] This problem of breach of discipline cannot be viewed only on the enterprise level. Breaches of discipline also occur for which the central agencies are responsible. We have a more obvious example of this in the statistics themselves. Sometimes it is the agencies which request or demand that the enterprises issue reports or create models which have not been officially established, thereby causing a serious breach of statistical, accounting or other discipline. Sometimes instructions or procedures are issued on how the inventories of rotating funds are to be liquidated; which limits the autonomy that the enterprises should have to manage their liquidation, resulting in an increase in the inventories above standard.

[Alfonso Regalado] In order to introduce the penalty mechanisms, the mechanisms for the operation of the system itself must necessarily be devised and established under the concrete conditions prevailing in the enterprises. In the case of prices, some of those mechanisms have already been established, both with regard to the formation of prices and making the existing prices official. So, when a violation is committed, the enterprise which has been hurt can establish a claim through the bank, and any breach of discipline caused by an improper charging of prices must be resolved. As a rule, such violations occur because no account is taken of the established mechanisms, or because of insufficient use of them on the part of those who have to apply them.

[Luis Maspte] The first breaches of discipline began to be committed by the central agencies during the planning period. One of the most serious violations is that of not separating the appropriations to the enterprises and, in other instances, the appropriations given to the enterprises have reduced the level of activity assigned by these very agencies to the enterprises;



and the latter have been forced to fulfill a production plan for which they lack the necessary resources. This type of breach of discipline cannot be penalized by the arbitration organs, because they will only have the authority to punish economic and financial violations and those associated with contractual relations between enterprises. In such instances, it would be appropriate to raise the level of requirements imposed by the overall agencies on the branch agencies.

[Question] But one of the most critical observations in the entire checkup process is precisely that 80 percent of the enterprises have rotating resources that exceed the standard. And this holds true at a time when the country cannot purchase certain supplies for lack of funds. Are the enterprises asking for more than they need, or are the agencies having problems determining the appropriations? There is obviously some inconsistency here.

[Luis Gaspe] Anything could exist here. We have been analyzing this with the comrades from the State Committee for Finance. But we should not forget that, when we talk about standardized rotating funds we are referring to a financial category wherein an entire series of assets is reflected which do not necessarily correspond to the existing material resources. However, this is not to deny the existence of many cases of idle, immobilized resources exceeding the standard amounts. I would not claim that supplies of resources in excess of the standards can always be liquidated, because in many instances they relate to material resources based on our research which are associated with types of technology that are no longer used. In any event, a way of using them and of liquidating them can always be sought. Here, we are once again faced with another violation. There is a procedure for liquidating idle resources, but much of the orientation given by the superior agencies to the enterprises is aimed at having the latter stop allocating those resources, and keep them immobilized, awaiting central notification of their final assignment, etc. In short, the enterprises are prevented from exercising their legitimate right to dispose of the resources and, instead of this, they are required to declare them either in accounts or financially.

[Gilberto Diaz] I think that exceeding the standard, apart from certain methodological problems that may exist, is a reflection of the inefficiency that we still have in the economy. There is, indeed, one principle which should be inviolable: A good financial standard should have a real material basis. We cannot believe that it has nothing to do with material resources, because those are the finished products, the stored raw materials, etc. We cannot blame the ministries for everything. This is influenced by factors which we have consistently had for many years, involving poor economic management. What we cannot do, and we are all in agreement on this, is to hamper the disposal of idle products. The worst thing that could happen would be for them to remain idle in the hands of those who acquire them. It seems to us that we should simplify the financial and economic mechanisms for the liquidation of idle resources. And those which are not being used should be sold, so that they may become useful, as might be the case with scrap iron.



Despite what has been noted previously, I think that there is also a lack of sensitivity on the part of many comrades in the enterprises and ministries. It is not all confined to the lack of appropriate mechanisms. In many instances, products are going to waste because of insufficient removal. The final goal of the system is not to have methodologies and models turned in on time; that is a means, not an end. What matters is that the resources be used efficiently. That would result in the nation's economic development and a rise in the population's standard of living.

In the previous question, it was asked whether the violations cited in the checkup process could jeopardize the SDPE. I think that certain violations have a serious aspect, but they are not endangering the system. Perhaps they could retard it. The use of punitive mechanisms is being studied. Now then, those mechanisms must be linked with the economic management of the enterprises, and if the mechanisms for economic stimulation have not been completely implemented, such penalties and punishments would remain in a void. Therefore, we cannot claim that we have not established the mechanisms because we did not want to; but rather because, in many instances, the conditions are not yet present. I think that the legal conditions are already being created insofar as the material movement of resources, the general conditions for supply, transportation, etc., are concerned; in other words, in many areas related to economic contracting.

[Question] What are the objective and subjective factors which have influenced or caused these violations?

[Jose Acosta] The comrades have answered this question in part. Therefore, I shall mention certain points that we should add. Actually, in other socialist countries the changes in the management of the socialist economy have taken place on the basis of an already established system, which has undergone a process of improvement. For that reason, the changes which occurred during the 1960's are known as an economic reform. It is no coincidence that we call our process an implementation and not a reform. It involves precisely an implementation, introducing changes and concepts that are new and extremely complex when compared with the previous economic management. This is an extremely important point in understanding the current difficulties. Here, we must clash with traditionalism, so to speak, and with notions of an operating system that is misunderstood.

The process of implementing the SDPE has also begun under economic conditions that are unfavorable for the country: a reduction in sugar prices on the capitalist world market, inflation, etc. All of this entails difficulties in the economic operation of the enterprises stemming from problems involving their material supply. We sometimes even have shortages of office equipment, such as typewriters, calculators, etc.

There are problems with qualifications. In the main report to the First Congress, Fidel indicated how the accounting courses were discontinued at the

university, and now we have a "gap" in this type of specialist. The personnel working in the enterprises, ministries and agencies do not always have the necessary qualifications. As we progress, we are encountering problems that had to be solved in one way, while experience shows that it should have been another way. Experience has never been able to be pigeonholed in an unchangeable system.

That is to say, the subjective factors are the ones with the greatest effect on the persistence of some of the difficulties in implementing the SDPE. I also think that the system has not been publicized very much in our press organs, and the publicity and understanding of it play a considerable role in insuring its success.

[Felino Quesada] Sometimes, in an article, we publicize technical matters; and from the standpoint of economic efficiency this is not the most advisable thing to do.

[Question] In certain areas of the implementation, there is evidence of a lack of coordination in devising the methodologies. What measures have been adopted in this regard?

[Luis Gaspe] At the Plenary Assembly itself, examples of that lack of coordination were cited, such as those relating to the calculation, recording and control of the average number of workers in the enterprises, for which the statistical entity has established a mechanism which does not coincide exactly with that of the National Accounting System, nor with that of the planning methodology. This indicates to us that we must arrange a closer coordination, because these problems are hitting the enterprises. I think that, for a rather long period of time, we shall have to rely far more on the Provincial Implementation Committees. It is in the provinces that many such problems have been detected.

[Alfonso Regalado] I think that we should spread the practice of issuing joint resolutions when necessary. We have an example of this in the issuance of the regulation on the planning, calculation and recording of the cost of the enterprises in all sectors of the economy, a joint effort carried out by JUCEPLAN [Central Planning Board], and the State Committees for Statistics, Finance and Prices. This experiment has proven to be very successful.

[Felino Quesada] In addition to the lack of advice, there is also evidence of a trend toward curtailing the economic and operational independence and autonomy that the system has given to the enterprises. There is always an obvious fear of "letting the enterprises loose." I would cite as an example of this the production based on waste, refuse or residue. In nearly all the socialist countries, the latter are a source of products with wide popular consumption. The People's Government has opened stores such as the Yumuri, with products made from waste, etc. Nevertheless, our enterprises have not

yet exploited all of its potential, because they must exercise their autonomy in order to do so. Perhaps the central agencies should make some mechanisms flexible, so as to facilitate the sale of these products and their manufacture itself.

[Question] This lack of coordination is also evident from the constant changes which occur in the methodology. These constant changes have caused considerable uneasiness in the enterprises and the budgeted units.

[Francisco Almagro] The development of the system itself has imposed a need to make certain changes in the economic categories. However, stability must be achieved in the various subsystems, and that requires that the personnel executing them study those areas again, so as to put them into effect. At the plenary session, it was recommended that the agencies directing the various methodologies concerned give joint approval of the methodological content of the common or similar indicators.

[Question] Some comrades claim that the system has curtailed their "operativeness." What can you tell us in this regard?

[Felino Quesada] There are some who feel that the system is stifling them, and is curtailing their freedom of movement. Actually, in many instances this so-called "operativeness" is related to irrational management methods; and, in such cases, the system is certainly stifling them. And it is proper that this be so, because it is designed to seek rationality and efficiency in the mechanisms for economic management; and anything that runs counter to that should be restrained.

To be sure, some of those who claim that the system is robbing them of operativeness are incapable of looking for a price list where it may be found when it does not reach them in the enterprise, or they fail to generate operativeness for manufacturing various products from waste, etc.

The system actually allows for the broadest display of operativeness, properly interpreted. No system can cover or foresee unanticipated situations, or curtail the correct initiative of the individuals responsible for directing the economic management.

[Question] What will the most important areas toward which the SDPE's work will be directed in the years to come?

[Gilberto Díaz] In my opinion, the effort during the next few years should be aimed at strengthening the mechanisms that we are implementing. In the next 5 years we must also start working on the enterprise managerial groups. This cannot be viewed as an exclusively administrative problem, but rather as one very closely linked with the development of the productive forces, of which the enterprise unions are a direct result. Concurrently with these efforts, we should tend toward achieving greater actual autonomy for the enterprises.

A great effort should be expended to overcome the shortcomings which still beset economic contracting. The contract should be the basis for the plan, and all the mechanisms of economic efficiency should be implicit in it. The fulfillment of the contracts could even eventually replace or supplement, in the future, the indicators on economic efficiency being used now, which have some weaknesses. For example, an enterprise could be income-producing, even more income-producing one year than another, and still not fulfill its economic contracts. Of course, we still have a long way to go before we exhaust all the possibilities for gaging and stimulating the indicators on efficiency, such as that on profitability, etc.

The experiment currently under way in Pinar del Rio on the free hiring of the work force should provide abundant experience, which should be extended to all parts of the country subsequently. This should help to create a far more flexible and complete mechanism for management.

We should also improve all the mechanisms for economic stimulation, so as to make the combination of the workers' individual interests with social interests more effective; because, so long as they are at odds, this is an indication to us that the system of stimulation is not succeeding.

[Question] Isn't it dangerous to the nation's financial equilibrium if we begin applying the principle of material stimulation through association and the economic stimulation funds, when the standardization and association have not yet succeeded in objectively reflecting the worker's productive potential and its economic results, and when the mechanisms for the management of enterprises do not give an accurate reflection of the economic efficiency of the enterprises either?

[Jose Acosta] The work strategy to be pursued consists of striking the weakest link in the chain. And this is, precisely, the establishment of the system of material stimulation which will make it possible to achieve what Gilberto mentioned: that the workers' interests in their work activity relate completely to social requirements. Therefore, the real difficulties cannot become a restraint on the establishment of the mechanisms for stimulation. If we were to do that, we would be going into a vicious circle. This does not mean that we should not consider and thoroughly analyze the steps to be taken. For example, at the end of 1977 the National Implementation Committee held an extensive debate on the time when the funds for economic stimulation of the enterprises should be established. It was agreed to start using them this year, rather than in 1978 as had been planned, because all the conditions were not present last year. This is an example of how each step that we take in that direction is considered and analyzed. This year, only the enterprises which meet the established requirements will begin to create stimulation funds. Their number is somewhat lower than those which had been working under the principle of economic calculation last year.

Furthermore, even though certain problems such as those mentioned in the question may still persist, this would not entail detriment to the financial

equilibrium because these material stimulation funds have a single, uniform, comparative basis. In other words, we shall never be stimulating a group of workers when their efficiency has declined. No, the efficiency must be better. The worst thing that could happen would be that we could not gage that efficiency exactly because of a flaw in the indicators.

[Question] In the checkup on the implementation of the SDPE, it was found that 34 percent of the enterprises devised but did not discuss the plan with the workers, as they had been instructed. Also, 58 percent of the enterprises did not subsequently incorporate into the figures any of the proposals that had been made in the discussions with the workers. Despite this flagrant violation of democratic centralism, I think that the working class did not react forcefully, through the labor movement. Why did these violations occur, and what steps have been taken to prevent the administration of enterprises from continuing to violate the workers' right to participate fully in the preparation of the plan?

[Reynaldo Lopez] The comparison with previous years is not representative, because in the past all the categories of the plan were not discussed with the workers; rather, they were informed about two categories: work and wages, and the production plan.

It was starting in 1977 (in the discussion of the 1978 figures) that the procedure and timetable were devised for the union methodology that was to regulate the workers' participation in the preparation of the plan, that is, after the breakdown of the figures by the agencies. However, the figures that were discussed in 1977 were only examined on the enterprise level with a representative of the workers; and hence that discussion was not massive in nature.

It was in the 1979 plan that the difficulty or shortcoming of not discussing the plan with the workers in 34 percent of the enterprises cropped up. Several factors had an influence on this: the complexity of discussing all the categories of the plan; the lack of understanding of the importance attached to including the workers in the preparation of the plan (not only on the part of the administration, but also by some of the union organs); certain agencies did not coordinate the procedure and timetable for the discussion of the plan with the union, as had been stipulated; certain methodologies and timetables were received too late, and not in time to hold all the assemblies with the workers who have the job of discussing the plan with the enterprises' management council; some functions of the national unions were transferred to the Provincial Committees (as a result of the new politicoadministrative division and the advent of the People's Government Organs) which meant that the unions' provincial agencies had to hold these discussions with the People's Government for the first time without sufficient training and experience.

In certain locations we even instructed that there be no discussion, because it was simply intended to discuss a single indicator in the plan, and it was not fitting to call a meeting with the workers to legalize a violation of the established methodology and procedure.



That 34 percent was also influenced by the fact that the mass-scale vacations in some sectors (such as education, tobacco and sugar) coincided with the period for discussing the figures.

In the case of the educational sector, for example, a large number of budgeted units did not hold a discussion with the workers, because the teachers were on vacation. The board and the union gave instructions to hold a discussion on the municipal level, but even so, there were problems.

In the checkup on the process of implementing the SDPE, it was found that 58 percent of the enterprises discussed the plan with the workers, but failed to incorporate any of the proposals thereafter.

The incorporation of the workers' suggestions into the plan is a very complicated task. In the first place, their participation depends on the planning of the assembly and the quality of the information that is given to them; in other words, the latter cannot be based on the reading of dispassionate figures. Rather the figures must be presented with analytical evidence that will enable them to make counter-proposals. Another important aspect is to insure that the union exercise control of them starting with its rank and file, and discuss them on the levels of administrative management that befit each case.

In some entities, the chemical industry for example, this entire mechanism worked well. The plan was discussed, the workers' suggestions were gathered, and they were discussed by the central entity subsequently, and then returned again to the enterprises, and some of the suggestions were reconsidered. In instances wherein it was impossible to incorporate the proposals made by the workers, they were given a response, giving the reasons why they could not be incorporated into the plan. Such explanations are very important, because if the workers do not receive any response to their suggestions, they lose interest in discussing the plan; and, furthermore, this is a violation of their rights.

We cannot treat the enterprises' plan like the emulation commitment either, but rather, after the management's figures arrive, an analysis must be made of the possibilities that exist among the workers' collectives to pledge to fulfill certain indicators above what has been planned; for example, in the indicators on production costs, reduction of material consumption, quality, working rate, etc.

We are firmly convinced that the problem of discussing the figures with the workers is not one that is related only to the labor movement, or to the administration or to the political entities in particular, but that it is a combined problem for which all of us must help to give a suitable solution.

[Question] What is the reason for our workers' having such little understanding of the SDPE, and what planning measures are being applied to eliminate that situation?



[Felino Quesada] The plans called for the preparation of a document to guide the enterprises on fundamental aspects of the SDPE. For various reasons, this document was not completed, although work is being done at present on it again. I think that the features of the system have been publicized very poorly. It is not a matter of printing technical questions in a press organ, but rather using direct, simple language, looking for the enterprises which have vanguard status in implementing the SDPE, and publishing, for example, why some of them have their inventory standards prepared and why others do not, and who has devised the consumption standards, etc.

The development of the system of material and moral stimulation, the application of penalties and the creation of the arbitration organs will form the material basis for requiring that good work be performed, something which, up until now, has been contingent on the development of one's conscience.

[Reynaldo Lopez] During recent years we have not succeeded in training the number of union cadres needed for the implementation of the system; and, although efforts have been made, only 47 cadres from the labor movement have attended the National Economic Management School, and only 704 heads of union bureaus in enterprises have taken seminars on the various features of the system. This has made the tasks involved in instructing the workers very difficult, because they entail proper training of the cadres in the agencies.

We have been adopting various measures in order to eliminate this situation: At the "Lazaro Pena" Union Cadre School, with the aid of the ENDE [National Economic Management School], a program of subjects relating to the system has been prepared (we now have two instructors, and five more are being trained at the ENDE); there has been some publicity about the system in the newspaper TRABAJADORES (the fertilizer workers in Nuevitas have used this material to give a course, and the agricultural workers are planning a similar effort). The CTC [Central Organization of Cuban Workers] has held a 12-day seminar in which over 200 cadres from national unions and from provincial and municipal CTC's participated. This kind of seminar is being repeated in provinces, and lectures will be given later to all the nation's workers. We are trying to gear them to the features of each sector.

The training is necessary, because unless the system's indicators, plan and mechanisms are mastered, we cannot require and promote its successful fulfillment. Besides gearing our emulation to the new economic requirements, if all of us cadres and workers do not make an effort to improve we shall be unable to make an objective appraisal of the plan and of our emulation commitments.

In the special emulation, our national intermediate organs have included in the bases for the socialist emulation the progress of certain aspects of the system, such as prices, accountability, statistics and some features of the planning. In other words, on that intermediate level, the labor movement will have to oversee and answer for the progress of the timetable for implementation.

One of the most heavily debated issues at the 14th Congress was that of the production assemblies. At the present time, they are not really assemblies on production and economic efficiency. Despite the efforts expended by some of the unions, the content of the administrative reporting is not yet good. It is arrived at without data, and with information that the worker cannot understand; and therefore he cannot participate actively.

In this connection, the qualification programs, using courses, seminars and lectures, as well as the publicity work, will constitute a fundamental aid in overcoming these present defects in the production assemblies.

[Hugo Rius] We do not think that we have exhausted the subject of implementing the SDPE, because it has turned out to be extremely detailed and complex. Nevertheless, we are convinced that, during these nearly 4 hours of discussion at our roundtable, essential aspects of the implementation have been broached: its gains, progress and flaws, and the steps that are being taken to overcome the latter.

This roundtable discussion is the third one that we have held on the SDPE, and is part of our editorial plan wherein special stress has been placed on the implementation of the SDPE, which is backed by BOHEMIA ECONOMICA issues, interviews, articles, etc. These articles have been our modest contribution to the implementation of the system, even though we are not yet satisfied with it. Without further ado, we wish to thank you for your participation in this roundtable discussion.

#### Participants in the Roundtable Discussion:

##### Officials:

Hilberto Díaz, vice-president of JUCEPLAN

Francisco Almagro, first vice-president of the State Committee for Statistics

Alfonso Regalado, vice-president of the State Committee for Prices

Luis Castro, vice-president of the State Committee for Material and Technical Supply

Jose Acesta, member of the National Implementation Committee

Raynaldo Lopez, from the Economic Department of the National CTC

Felino Quesada, director of JUCEPLAN

##### Panel of newsmen:

Hugo Rius, chief of information for the magazine BOHEMIA

Alberto Pozo, head of the BOHEMIA ECONOMICA Section

Paul Lazo, from the BOHEMIA ECONOMICA Section

Jose Oller, photographs

## Update on Nickel Industry

Havana BOHEMIA in Spanish 6 Jul 79 pp 60-61

[Text] On the way to Moa, at the extreme tip of Holguin Province and what is almost an island, the landscape is transformed with sharp changes in color. Suddenly, the calming blue-tinged greens typical of Cuba no longer predominate. Bright reds prevail. The earth on the steep ruts is sometimes saffron-colored, sometimes the color of raw meat and in other places has the color of coagulated blood. Crevices appear between the weeds like wounds. They are the hues of the laterite (nickel, cobalt and iron) which crops out from one of its largest deposits in the world.

Upon our arrival, the view becomes vast with the urban-industrial complex the human and productive life of which is only as old as the revolution. There are blue horizons on the sea and mountains with vivid green tones, but we are in the center of a world dominated by red: the atmosphere and the fronts of the buildings that rise up at the top and bottom of the hill are reddish, as are the industrial structures, and even the pines are tinged with crimson.

It is the image of a town at the height of its birth, exalted by work; of a land which man is beginning to conquer, a land in upheaval, being upset everywhere. It is a scene that is a mixture of palm trees, pine groves and pipes, smoke and mountains, tanks and peaks, slag with bright vegetation and glass that is being stubbornly reborn. There are thick clouds of soot over the ever green slopes, a still virgin wealth of forests, and pristine woods which will also be lending their lumber resources to make way for the ore extraction.

A river of blood, fed by pipes, flows under the drains on the highway. A few meters away, there are rosebushes in lovely gardens, and modern apartments, hospitals and schools. The Yats have a runway a few meters from the new row of residential buildings. The university branch is rising up on a hill.

Master of his new landscape is always man, and a young man, in this shock work of the Union of Young Communists [UJC].

### History Begins in Nicaro

The hamlet of Moa grew sluggishly between the 18th and 19th centuries around a hermitage between the river and the shore, and the activity of the archbishop of Santiago, Antonio Maria Claret, who was revered nevertheless. In the mid-20th century, the Yankers arrived here with "that imperialist greed which took away the minerals and left us with only the hole," as Che described it. But this is not the beginning, but rather the end of the history of the exploitation of Cuban nickel. The history began earlier, in Nicaro.

The account is from the newspaper AMORA, in a special edition published when the new province of Holguin was established some years ago:

"In 1915, a stranger from the United States arrived at Lengua de Pajaro (the former name of what is now Nicaro). He took some photographs, collected soil samples and departed just as he had arrived: in silence. Three years later, a group of experts from Feert [sic] Sulphur arrived in Lengua de Pajaro. They were followed by 'experimental' groups led by a certain William Pick. In 1941, at the height of World War II, the United States Government allocated a budget of \$40 million to exploit the Ocuja mine. The factory was founded on 29 December 1943. It was to produce 13,000 metric tons of nickel per year. When the war was over, it came to a standstill. The workers were laid off and even ejected from the settlement, which was American private property. It had to wait for the Korean War to reopen, and its capacity was even expanded to 25,000 metric tons of nickel for military use per year.

"Meanwhile Moa was the property of an American 'lumber company' since 1937, with a private airport for the comings and goings of the neocolonialists. The workers' mail arrived by mule, and the product of the clearing of trees left by sea until 1955, when the facilities for extracting and processing nickel and cobalt were at the height of their construction.

"The American firm took 10 months to send the first ore sample to the United States. This occurred between June 1959 and April 1960. After the revolutionary nationalization, the plans were taken away, and the supply of spare parts was stopped.

"Between 1971 and 1972, a Cuban-Soviet cooperation agreement was signed, with the necessary financing for the total development of the industry, which had gone into production after arduous efforts led by Che in 1963.

"At the present time, the nearly 30,000 inhabitants of this municipality consisting of 718 square kilometers intend to celebrate 26 July with the introduction of a new ore crane. Among other social projects, 400 new dwellings, a supermarket, a 120-room hotel and two swimming pools have been built here."

#### Violations of Worker Evaluation System

Magina BOHEMIA in Spanish 13 Jul 79 pp 16-23

[Text] Preamble

Resolution No 24 on Evaluation of Workers, issued on 3 May 1976 by the then Ministry of Labor, established the principles and procedures whereby every worker would be held by the personnel with the technical and practical knowledge required for the position. This represented a major step in the implementation of the socialist principle of distribution, namely, "from each according to his ability, to each one according to his work."

Subsequently, with Resolution 70 on the establishment of wage scales, and resolutions 74 and 146, supplementing No 24, the legal mechanism for the correct application of the policy of promoting workers based on qualifications and seniority, and aimed at meeting the needs of production and services, was improved.

When the aforementioned worker evaluation system was established, the various evaluation committees were created in locations where there were 25 or more workers, comprised of the union locals and administrations, with representatives from a large group of the best qualified workers, some appointed and others elected at assemblies; which lent them a mass quality of great significance. Since then, these rank and file committees have been responsible for evaluating the workers' qualifications. For jobs of greater complexity, they are evaluated through intermediate committees, set up on the levels decided upon in each instance, after those positions have been defined according to the terms of Resolution 146, supplementing Resolution No 24. The technical composition of these committees insures a quality evaluation.

Three years after the promulgation of Resolution No 24, despite the obvious positive results, there has been constant evidence of violations of its most important principles in a considerable number of the nation's economic entities. Based on the inspections conducted by the CETSS (State Committee for Labor and Social Security) during 1978, in 500 enterprises and budgeted units 59,477 violations were discovered, when 291,496 work records were reviewed. This resulted in an average index showing that for every five records analyzed, violations were discovered in one of them.

Among the most common violations which came to light were:

Filling vacant or newly created positions without meeting the requirements of the evaluation system;

Not certifying the qualifications of workers who, as of the date when Resolution 24 was promulgated, had held the same position for 5 years or more;

Certifying as approved the evaluations of workers who do not receive the number of points stipulated in Resolution 24 in the theoretical and practical examinations;

Not posting notices of evaluation to fill vacant or newly created positions when a wage scale existed;

Not setting up the evaluation committees;

Not sending the certification of evaluation to the workers who passed the examination.

In order to analyze the legislation in this area, and these legal violations, 75 events were held in several of the country's enterprises and municipalities, in which 11,140 workers, members of evaluation committees, and administrative and labor union leaders participated.

As a culmination of this process begun at the rank and file level, the first National Meeting on Evaluation of Workers' Qualifications, called by the



CIC and the CETSS, was held. From the reports prepared at the respective events, the speeches by the delegates and the interviews held during the brief recesses at them, we have prepared this journalistic article, which we hope will prove useful in improving this situation, contributing to stiffer requirements for compliance with that important law, which is so closely linked with the workers' interests and rights, and with the development of their productive forces.

In dealing with the factors which could have an effect on the frequent violations noted in workers' evaluations, we wanted to determine the difficulties involved in interpreting or understanding, when it is time to implement this law. Therefore, the first question asked of a group of subjects of our interview was the following:

Do you consider the requirements established for the evaluation of workers to be very complicated or difficult to understand?

The second question relates to the discovery of potential limitations and inaccuracies:

Do you think that they contain any gaps or mistakes?

The purpose of the next question was to achieve a quick assessment of the problem:

To what do you attribute the occurrence of many violations?

And the goal of the last question was to expand on the causes and the search for possible solutions:

What, in your opinion, are the main reasons for these violations, and how could this situation be remedied?

When you have read this article and the legislation cited, you too may draw your own conclusions, and send them to us if you wish; because they might be very useful. However, we offer you some of the answers to the aforementioned questions that we have received from those polled, in the following opinions:

Negrete Martinez, chairman of the Evaluation Committee of the CETSS central Agency: "The legislation on the subject of evaluation does not require a great effort to interpret; it only requires that one be familiar with it, so as to be able to apply it correctly. I do not think that there are gaps or mistakes in it. The only difficult thing is to prepare the examinations in accordance with the established requirements. Although we do not have this problem of violations in our work center, I think that the chief difficulty lies in the improper application of the laws. Other factors involved in this matter would tend to be eliminated if stability were brought among the members who belong to the evaluation committees and in the planning of



suitable seminars to dispel doubts and at the same time afford training. The committees should also operate in very close coordination with the union and the comrades involved in training at the work center."

Florentia Lopeira, from the work organization department of the Construction Workers Union: "As legislation, we consider it to be quite good. Now, all that we have to do is strive for compliance with it. The interpretation is very easy; what we are pursuing is the violation thereof. The evaluations that are made without the required stringency, as well as the workers who are evaluated without having taken the examinations, prove the lack of understanding of its importance, and the lack of concern on the part of the administrations and the union locals."

"The entire problem stems from the lack of demands imposed both by the union and the administration. Indeed, our sector shows one of the largest numbers of violations; but we should explain that they are related to the assistant workers. Instruction 102-A, which regulates the 10-hour work day in the construction sector that is in effect at present, stipulates that, after working for 6 months with a professional worker, they are to automatically and directly hold the position of assistant worker. Understandably, this runs counter to the established terms, whereby the system is applied starting with Group II on the wage scale, pertaining to these assistant workers. For this reason, we back the proposal that the assistant's job should not be evaluated, owing to its lack of complexity and the fact that it does not require much knowledge. I think that this event will prove to be a guide to compliance with all the labor laws; and that it will indicate that the union, as the zealous guardian of the workers' rights, must be more demanding each day concerning compliance with the terms established by law."

Rosa Barcelo Varela, a technician in the work done by the Ministry of Transportation's Caribbean Shipping Enterprise: "I was formerly a member of an evaluation committee, and so I have been associated with this matter for some time. There are no major problems posed in interpreting and applying the terms of the law. The difficulty appears when it is time to prepare the examinations, since we do not have a guide or a format that would facilitate this work. I think that there should be a methodology for preparing the examinations. We have actually had many violations, which we have been eliminating. They occurred mainly among the freight personnel, as a result of their constant movement. There were only a few involving the positions held by seamen on shore (as we mentioned). At the present time, the seamen are associated with an established position, which facilitates the evaluations; and, in addition, a series of measures was adopted which helped to resolve these situations. The violations are usually committed as a result of ignorance and lack of concern on the part of administrative heads, who do not attach to this work the importance and significance that it should have. But when this happens, it is because the union is not performing its function, or because there are not good relations with the administration. The seminars and the updating of the committees are very important, because it sometimes happens that one learns about a certain regulation long after

it has been established. More stringent requirements on the part of the administration and the union, and compliance with the terms of the law, are the most suitable means of resolving the current status of the violations."

#### These Committing Violations Should be Punished

In private, we held a brief conversation with two union leaders, whom we asked the same questions. They are Salvador Valdes Mesa and Gilberto Lopez Perez, both organizers of the CTC's work in the provinces of Camaguey and Malguin, respectively.

Salvador: "The legislation is applicable and easy to understand. The issue lies in the demand for its application. Some type of measure should be considered that will make it compulsory to comply with these provisions. Although the constitution establishes it in general, something more specific must be created that will make it possible to resort to other echelons."

Gilberto: "There is very little to add to it, but it will always be necessary to supplement it, so as to gear it to the new conditions imposed by development. Of course, that does not give anyone the right to violate it; because the majority of the violations occur in matters which are clearcut. Hence, the essential thing is the demand for and strict control over its enforcement."

Salvador: "That everything has been written; there are some things to be changed and added. The format for the examinations needs to be determined. There is a lack of a methodology that would regulate the learning required for a certain job, because the qualifications are very general, and the committees require different amounts of knowledge for the same job. There is also a necessity for determining the more complex positions, which should be evaluated by the intermediate committees."

Gilberto: "Coordination must also be achieved between the functions of the evaluation committees and the training plans. Both should proceed in accordance with the needs and the prospective development of the work center. This would enable the workers to be prepared for the examinations, precluding labor with tests that are too easy, which are detrimental to the economy; and, at the same time, it guarantees the right of those who really have the knowledge to occupy the positions."

During another break in the meeting, we recorded an exchange of views among a group of delegates. Participating in the conversation were Selida Chavez M. (C), Cecilia Requena Perez and Santos Hernandez Rollinedo, all of whom are engaged in dealing with the work force rated by the CETS. The first is a section chief, one in the municipality and the other in the province; and the latter is a provincial technician. Mention was made of their work in Camaguey, in the aforementioned positions.

Selida: "The regulations issued to date do not pose any great problems of interpretation. It is simply that they are not being applied correctly by

those who are responsible for doing so. I refer to the administration, which is the entity chairing these committees. This does not mean that the union and the rest of the skilled workers who belong to them do not have a responsibility; but, since they are headed by the administration, the latter understandably bears greater responsibility."

Leonidas: "That composition is just what lends them their mass quality, which is very proper. But the main problem occurs when it is time to comply. This task has become rather political, to persuade and convince the administration that it should act in this way."

Nelida: "There is really no mechanism that will force the administration...."

Leonidas: "And this is only one of the many tasks that it must perform...."

Santos: "That is why it is necessary to create something which will force and oversee compliance with it, not leaving it to be judged whether or not it should be done. If penalties were imposed, these violations would not occur."

Leonidas: "Penalties should be imposed on the violating entities."

Santos: "The union must also play its role in guarding the rights of the workers. Strict compliance with all the labor laws must be demanded of the administration."

Nelida: "The publicity, the seminars for the committees and the resolutions from this event will help to resolve the issues which affect the rank and file."

#### Main Report

The report read by Hector Martinez, vice-president of the CETSS, contained an analytical account of the work done during the past 3 years, the large number of violations that have been detected, and the difficulties and recommendations submitted by the provinces.

Emphasis was placed on the gap that exists between the evaluation process and the massive training policy that is under way in the country. The workers take the tests without previous training and when, in some instances, they have had it, it is not in keeping with the specific content established in the evaluations.

The notices of evaluations have been posted without providing information on the requirements for the jobs to be filled, and the work content thereof.

The lack of standardized work on the part of the central echelon with regard to the establishment of a methodology for preparing and marking the tests has resulted in the fact that the degree of complexity and the assessment of a given job can be as numerous as the committees in existence.

The indications of a new type of fraud were noted when tests were taken which had no connection with the requirements of the job classifier. On other occasions, the theoretical tests were taken by each individual in his home. And, on many occasions, the tests which were taken were not in the files of the committees nor in the work records.

These abnormalities or frauds represent serious evils which have detrimental effects on the economy, morale and the rights of the workers. Thus, jobs are held by individuals who do not have the required degree of qualification, with a resultant damage to production and to the workers who do have the knowledge to perform them.

Owing to the obstacles that have been cited, emphasis was placed on the need to establish the guidelines for implementing, preparing and evaluating the tests for the various types of jobs.

With regard to the internal structure and mechanisms of the evaluation system, attention was called to the need for completing the establishment of the intermediate committees and determining the complex positions which should be evaluated by them.

A reminder was also given regarding the work on qualifications done by the rank and file committees, and on guaranteeing the stability of their members. It was also pointed out that they need to be provided with a procedures manual that would make their work uniform and serve as a guide for them in the administrative area.

#### How Long Are We Going to Be New?

From the discussion of the main report by the delegates, we have excerpted the following remarks, which attest to the depth of the analyses:

Humberto Flores, of the Havana CTC, stated:

"We observe these shortcomings in the evaluations among the rank and file, and we ask: How long are we going to have this attitude toward a task that has been assigned to us? When a worker does not fulfill the standard, his wages should be affected. Similarly, some kind of measure should also be applied to the administrative personnel who do not perform their functions. We should not continue for years with the problem of a lack of training or schooling, and that the comrades are new. We say: How long are we going to be new on the job that has been assigned? This was evident in the events which we held. At some, not even the chairmen of the evaluation committees were in attendance. And the union leaders and workers from the enterprise were there; and yet the comrade charged by the state to perform this task was not present."

Velazquez, from the Food Industry Workers Union; "The plenum should make a statement on the penalties for those responsible who have caused the violations of this legal ruling. We think that the workers are the only ones

who have been penalized, because they have had to put up with violations of their rights. They have been unable to be promoted to higher positions because of the delay by the comrades in administration in dealing with their evaluations. We also consider it necessary, at the same time, to step up the requirements imposed by the union leadership, to prevent administrative shortcomings and to intensify the training of the evaluation committees, taking into account the different conditions under which they perform their work."

Lazaro Lopez Fleites, CETSS territorial inspection chief in the central provinces: "We have heard the view expressed that some jobs are not evaluated as that of the assistant is. This must be dealt with on an individual basis: perhaps the case of the milkman, and the woodcutter; but always very carefully. Because if we promote the workers without regard for an evaluation, we destroy their spirit of cultural and technical self-improvement. There is no room for doubt about that! On the other hand, someone who goes to school and improves himself, but is not a 'buddy' of the committee chairman, or of an individual who places people without an evaluation, regardless of what standing he attains, will not be promoted to a more complex job. Such problems occur! Opinions have been expressed about punishing violators. Let us consider Law 12, and I ask you: Who has been punished? To date, at the most, one personnel chief and another labor force chief. It seems to me that the central agencies are also to blame for this. They are supposed to back the enterprises at the lower level, and to advise and teach them. Specifically, they are supposed to go and work there with the rank and file. Before punishing, that should be done, and many problems would be avoided. It is not that I am defending them, because there are actually some that do not concern themselves; but in this way the penalties would make sense, and be fairer. It also appears to me that this is everyone's problem. If the central agencies and we in the unions were to pledge that we would eliminate many of the violations in this area, we could take on far more. We would have an opportunity to perform our specific function of advising the administrations and unions, by means of practical inspection. One need only observe how the workers' backgrounds and lives have been wasted or deteriorated because the work records have not been updated. There are also matters involving wages, social security, safety and health, etc."

#### A Legal Obligation

In delivering the concluding remarks, Roberto Veiga, member of the party's Central Committee, and secretary general of the CTC, made the following statement:

"The evaluation of the workers is a legal obligation and a moral duty related to the observance of socialist legality, which holds, through the laws that are in force, that qualifications and seniority are the requirements for the one most entitled to hold a position and receive a wage based on the complexity of the job that is performed."



In connection with the irregularities that exist, he called attention to their consequences, "which cause unquestionable damage to the nation's economy and upset the workers' morale and wages." He subsequently went on to say:

"When, because of defects, carelessness or lack of responsibility, a vacant or newly created job is filled without regard for the requirements involving qualifications, there is a conspiracy against the overall effort for cultural and technical self-improvement that is being made by the workers all over the country."

In discussing the importance and significance of this task, he stated emphatically:

"The evaluation of the workers cannot be regarded as an outward act to meet an obligation. On the contrary, it is one of the most important times in the working life of the workers, when, with equal rights, those who aspire to be promoted to a vacant or newly created position, or one with greater complexity and a higher wage, compete." And, in this regard, he stressed:

"Of course no one is authorized to interfere with this aspiration, nor to violate or steal that right of the workers."

The role which the union must play in connection with these problems was underscored by the CTC secretary general, when he declared:

"...Protecting the interests of the workers, as specific workers in a branch of industry or a certain center, as well as their rights, and all the prerogatives which the socialist state grants them, to protect those interests against any kind of misunderstanding, arbitrariness and injustice." And, on this point, he emphasized:

"...Rights and rights of the workers: they must be explained, set forth, required and defended. That is the task of the labor movement."

The great significance of this endeavor was made clear when he stated:

"The necessity for instructing everyone in a socialist attitude toward work must be linked with the intransigent battle against all the defects which could have a negative effect on the formation of the new labor consciousness."

In his final comments, Veiga urged those present "to engage in a serious, profound effort that will enable us to firmly consolidate the path that has been undertaken to eliminate all the evil that has been done, for the sake of compliance with socialist legality!"

The participants in the First National Meeting on Evaluation of Workers' Qualifications agreed upon the following...



## Final Recommendations

To analyze the violations detected in the work centers, and immediately proceed to rectify them.

To devise a self-inspection plan in order to review and update all areas relating to compliance with the law.

To insure adherence to the timetable for updating the evaluation committees, issued recently by the CETSS and the CTC.

To establish the handbook of procedures which regulate the internal activity of the evaluation committees on each level.

To make a prompt study of the lack of methodologies for the uniform administration of the theoretical and practical tests.

To adopt measures to insure the stability of the members of the evaluation committees.

To promote the establishment of a statistical information system for this institution.

To engage in publicity plans on the various levels, through the use of all the mass media and direct propaganda.

To intensify the requirement for compliance with the principle that every vacant or newly created position is to be filled after meeting the evaluation requirement and other terms of the labor laws currently in force.

The agencies of the Central State Administration and the organs of the People's Government are working together to comply with these recommendations, in co-operation with the unions on the various levels. The regulatory aspects will be incumbent on the CETSS, in a coordinated effort with the CTC.

## Violations Detected in the Evaluation of Workers (1978)

Ministries	Inspected Enterprises and Institutions	Total Records Reviewed	Total No of Violations
Construction	61	58,782	15,148
Domestic Trade	86	25,992	8,874
Transportation	68	35,517	7,823
Agriculture	35	35,658	6,176
Education	60	52,053	3,842
Public Health	58	18,628	2,967
Construction Materials Industry	11	5,529	2,035
Food Industry	25	6,157	1,644
Sugar Industry	5	4,571	1,326

Ministries	Inspected Enterprises and Institutions	Total Records Reviewed	Total No of Violations
Chemical Industry	7	4,877	1,165
Light Industry	10	4,278	1,012
Culture	4	930	274
Higher Education	4	1,595	253
Mines and Geology	1	2,764	219
Fishing Industry	3	556	120
Other Agencies			
People's Government	49	27,053	4,357
SIME [Iron and Steel Machinery Industry]	3	3,406	986
Tourism	4	2,317	848
CEATM [State Committee for Material and Technical Supply]	1	249	134
Children's Institute	2	603	96
INDER [National Institute for Sports, Physical Education and Recreation]	2	289	76
Lawyers' Collective Offices	1	74	8
	<hr/> 500	<hr/> 291,896	<hr/> 59,477

#### Workers Social Club Membership Restrictions

Havana TRABAJADORES in Spanish 3 Jul 79 p 1

[Text] Havana, 2 July--As of 15 September, the regulations which will govern the operation of the Workers' Social Clubs (CSO) in Havana will go into effect, and therefore the provisional measures which have determined their organization thus far will be abrogated.

At a meeting of the pertinent provincial committee, chaired by Francisco Linares and Rene Fontaina, secretaries general of the CTC in Havana Province and Havana, respectively, it was also announced that, on 25 July, the process of associating those facilities with the work centers would begin.

At the event, in which heads of the provincial unions of Havana Province and Havana participated, it was announced that, after 15 September, it will be an indispensable requirement to show the membership card in order to enter a Workers' Social Club.

The second item in the regulations states that every worker affiliated with a union, whose membership application has been approved in accordance with the established procedure, who obeys its rules and who pays the dues of 1 peso per month is considered a member of a CSO.

Every worker may enroll his parents, in-laws and children who are minors or students and his spouse, who will be required to meet all the obligations stipulated except the payment of dues.

Retirees and pensioners will be entitled to enroll in the CSO of their union, and will pay only half the dues, that is, 50 centavos; and the grant-holders in Havana Province whose parents reside in a different province will join the club of their parents' union.

Other requirements are that the individual must observe social behavior which befits the morality of our society, and a good attitude as a worker, he must commit himself to obeying the regulations, he must be on time in paying the union dues and he must obtain the approval of the union local to which he belongs.

Applications will be sent to the union local, accompanied by two identity-type photographs of the candidate for membership and of each one of the relatives entitled to join; and, at the time when the membership list is submitted, the equivalent of two months' dues must be paid.

Linares Calvo announced that, on 17 July, the Provincial Social Clubs Enterprise would be created, which will run the 12 CSO and will be subordinate to the corresponding territorial committee.

In October, each CSO will hold elections to establish the boards of directors which will assume the responsibilities conferred on them by the regulations.

#### Poor Quality Problems Aired

Havana TRABAJADORES in Spanish 30 Jun 79 pp 1, 3

[Text] "No worker, brigade or establishment that has not fulfilled the quality index should be rewarded," stated Roberto Veiga, secretary general of the CTC and member of the party's Central Committee, in bringing to a close the First National Meeting on Quality of Light Industry, which convened for 3 days at the CTC's "Lazaro Pena" Auditorium.

In his summation at the function, in which 610 delegates and guests participated, Veiga observed that the quality of a product should be an essential requirement for selecting the outstanding workers.

He subsequently noted that the unions have not demanded compliance with this index with the same stringency as that applied to quantity. He stressed: "It is obvious that a noticeable improvement has not been made in the quality of products, despite the events held for this purpose recently."

He said: "We think that this meeting may represent a serious step, from which significant results in quality may be expected. The resolutions passed here are aimed at making an immediate improvement in quality, but they will also lay the groundwork for a constant betterment therein."

Elsewhere in his address he declared that it has become necessary to promote the association of wages with quality, in order to make progress in this direction as promptly as possible.

Veiga pointed out that the National Meeting on Quality was being held at an opportune time in the country, when a forceful battle must be waged against the lack of requirements, lack of discipline and irresponsibility. And he mentioned that, at the function, very careful heed had been taken of the subjective factors which affect quality, citing the delegates' concern over the battle for economic efficiency, organization of work and labor discipline.

In conclusion, Roberto Veiga said that the CTC is certain that the administrators, who have come from the working class, would not fail to keep the commitments emanating from this meeting, and that compliance with everything resolved here could be the light industry workers' response to the resolutions from the Eighth Plenum of the party's Central Committee.

Osvaldo Dorticos, member of the party's Politburo, in addressing one of the sessions, stated that, of all the sectors, the problem of quality assumes particular significance in light industry, because its production is assigned for consumption by the population and for export.

He later asked: "What is gained by associating wages with standards and paying for items which, because of their poor workmanship, have no economic value and cannot be used as consumer goods?"

"Why not begin now to gage fulfillment of the plans by different indicators which are not merely quantitative, and why maintain as a correct practice the fostering of overfulfillment of a production that is useless?"

na Barrera, vice minister of domestic trade, spoke at the meeting. After congratulating the delegates on the concrete measures contained in the draft final resolution to improve quality, she reported that, thus far this year, 40,000 pairs of shoes and 500,000 items of clothing had been returned by the Ministry of Domestic Trade (MINCIN) as defective.

The sessions were also addressed by Eugenio Rodríguez, chairman of the Cuban Institute of Domestic Consumer Demand, Research and Orientation; Luisa Carballo, representing the Union of Chemical Energy Workers; and María Luisa Ortiz, secretary general of the Light Industry Workers Union of Havana Province, who read a "Declaration of Solidarity With the People of Nicaragua."

Pedro Gonzalez, secretary general of the National Union of Light Industry Workers, read the draft final resolution from the meeting, prepared on the basis of the reports of 10 committees from all branches of the ministry, which dealt with the effects of technology, design, manpower qualifications and the quality of the raw materials.

At the meeting, 350 speeches were delivered by the delegates, who enhanced the resolutions relating to the planks, prominent among which were the association of wages with quality, the training of technicians and operators and the application of disciplinary measures contained in the labor laws in effect, in instances of damage to production due to carelessness, negligence and violations of the established technical standards.

During the course of the sessions held by the branches, several shoe workers called for the elimination of the binding on orthopedic footwear, which tends to become detached. They also proposed that shoes be manufactured with a one-piece sole, even though esthetic standards may not favor it.

The committee on ready-made garments held an extensive discussion of the quality of items of clothing. On that occasion, Pedro Gonzalez showed the delegates a work shirt made of pants fabric. He then instructed the union leaders not to allow such slipshod work on the part of certain administrations, which are more concerned with fulfilling the plans on quantity and forget that "quality is respect for the people."

During the working session of the committee of the soap and perfume industries, Reinaldo Toste, secretary general of the Chemical Energy Workers Union at the "Fernando Chenard Pina" Factory, declared: "The quality inspectors are not being allowed to play their real role in our industry."

After pointing out that this is a lack of respect for the toil and knowledge of these workers, he said that, when an inspector discovers that a product does not fulfill the established indexes, his opinion cannot be subsequently ignored and the goods distributed.

When the status of the brigade chiefs who must guarantee the quality of the finished product on behalf of the workers was analyzed, Toste explained that these female workers must perform the twofold function of checking the work of the workers and performing the tasks scheduled for their job on the production line.

The committee made the recommendation that there be an analysis of the possibility of having the brigade chiefs only perform the function of inspectors and overseers of the work of their group, thus guaranteeing that the product will be sent out with the required quality.

The chair also included Nora Frometa, minister of the industry; Victorino Lemus, member of the party's provincial bureau in Havana Province; Rene Fontaine, secretary general of the CTC in Havana; vice-ministers of light industry; and heads of the Mining and Metallurgy Workers Union and the Chemical Energy Workers union.

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## NATIONAL NEWS AGENCY PRODUCTION REPORT PUBLISHED

Havana JUVENTUD REBELDE in Spanish 21 May 79 p 3

[Text] The clicking of the teletype machines is constant. On one side information is being received and, on the other, after being processed, it is sent to the various press organs in the country. When one observes these modern machines operating, it is difficult to imagine that the National News Agency (AIN), which marks its fifth anniversary today, had only one telephone and a small group of journalists when it began.

Now, backed by the work of its 14 correspondents, it transmits over 100 daily reports, commentaries, special services and other news items.

Reporters, photographers, teletype operators, desk writers, typists and drivers do their best each day in search of news.

It is impossible to discuss in detail each of the men and women who work here, but all are in agreement that, when it is time to give an account, mention must be made of the photographer-reporter Rogelio More, who is the least junior, but not because he is the oldest in age; as well as Ana Lozada, because of her spirit of excellence.

Mention is made of the youngest, and everyone gives recognition to Guillermo Perez Bernal, a teletype operator who is currently in the fraternal People's Republic of Angola, performing an internationalist mission.

An interesting article could be written about the AIN's communications chief. It was he, with his initiative, who thought up a concentration of signals, so that the information would simultaneously reach the users who receive the Agency's services.

Sometimes the statistics are helpful in an article; and therefore we are listing below the news dispatches from the AIN during the past 5 years:

1974: 5,882 reports starting in May; 1975: 13,716 reports; 1976: 25,450 reports; 1977: 25,013 reports; 1978: 24,359 reports.



Jose Arias is the director of the National News Agency. He comments: "The creation of the AIN made it possible for official information to reach all parts of the country. The participation and enthusiasm of the comrades toward the tasks, combined with their unassuming attitude, have been a constant factor throughout all these years. But we are not yet satisfied with the results of the work, and we think that it can be improved far more during the years to come."

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CUBA

#### ANAP MEETING EXAMINES ACCOMPLISHMENTS IN PINAR DEL RIO

Havana Domestic Service in Spanish 1136 GMT 15 Aug 79 FL

[Text] With 105 livestock-agricultural cooperatives already organized and the objective of fulfilling the annual program by 21 September in honor of the anniversary of the wartime peasant congress, members of the National Association of Small Farmers [ANAP] in Pinar del Rio held a meeting to review accomplishments and elect and/or reelect officers. The meeting, which was held at the 1 May Polytechnic Institute in Pinar del Rio City, was attended by 288 delegates from the 14 municipalities in the province.

Jose Ramirez Cruz, member of the PCC Central Committee and ANAP president, noted the straightforwardness of the main report and speeches made at the event. He announced that Pinar del Rio is the first province to conclude its series of meetings. Referring to the internal life of the ANAP, Ramirez Cruz called for making the meetings a forge for the improvement of cadre' action.

Elsewhere in his speech Ramirez Cruz stressed the need for improving the current tobacco recovery efforts throughout the nation and, especially, Pinar del Rio Province. In that respect, Ramirez Cruz emphasized that the next tobacco harvest will be a starting point for achieving the desired stability and avoiding the delays caused every year by the search for land.

The ANAP president referred to the systematization of recreational activities in the countryside and strengthening of the peasant frontline which includes the most outstanding. He also hailed all factors which made the successes attained by Pinar del Rio's ANAP members possible.

The meetings preceding Pinar del Rio ANAP evaluation meeting included evaluations at 384 local units and all municipalities, during which nearly 4,000 leaders were elected, 440 of them women.

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## BRIEFS

OFFICIAL TOURS TRANSPORTATION CENTER--Antonio Enrique Lusson, member of the PCC Central Committee and minister of transportation, has visited the Transportation Ministry (MINTRANS) Information and Operation Center in Camaguey which controls the center-east division. The new installation will operate in Camaguey City and will provide a valuable support to the various sectors of this ministry, especially the railroads. The Transportation Ministry Center-East Construction Enterprise Works who are building the installation, which costs 100,000 pesos, are making great efforts to have it in operation within the next few days. This center along with the centers in Santiago de Cuba, Villa Clara and Havana will operate linked to each other and will control all transportation movement--railroads, sea, air and automotive--which daily circulates throughout the country. [Text] [Havana Domestic Service in Spanish 1934 GMT 15 Aug 79 FL]

RAILROAD CONSTRUCTION WORK TOUR--Antonio Enrique Lusson, member of the PCC Central Committee and minister of transportation, has concluded in Santiago de Cuba Province a tour of ongoing construction work of the central railroad. In Santiago de Cuba, he inspected and showed interest in the progress and difficulties of the work in the six railroad stretches crisscrossing the province, some of which confront problems due to geographic characteristics of the area. The transportation minister inspected the 74 kms under construction in areas near Maceo, Cacucun, San German and Alto Cedro in his trip from Holguin. In the area of Holguin, Lusson toured the construction work on elevated terrain between the Chile and Mella sugar mills, where major excavation work will have to be done and not less than 1 million tons of earth will have to be removed in an area which is extremely rocky. [Text] [Havana Domestic Service in Spanish 1304 GMT 16 Aug 79 FL]

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